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30 September 1982

SOUTH AND EAST ASIA REPORT

No. 1197

CONTENTS

INTER-ASIAN AFFAIRS

- South Asian Nations Plan Formation of Regional Group
(NEW STRAITS TIMES, 10 Aug 82) 1

BANGLADESH

- Comments of Administrative Reform Committee Noted
(THE BANGLADESH OBSERVER, 14 Aug 82) 2
- Problems of Gram Sarkars
More Inadequacies Noted
- Bangladesh Jute Losing Ground in World Market
(THE NEW NATION, 14 Aug 82) 6
- PRC Reportedly Major Arms Suppliers to Dacca
(PATRIOT, 18 Aug 82) 8
- Plan Stresses Improvement in Education Standard
(THE BANGLADESH TIMES, 14 Aug 82) 10
- ROK Reported Eager To Set Up Industries in Bangladesh
(THE BANGLADESH OBSERVER, 14 Aug 82) 12
- IMF Withholds Loan Disbursements Until Terms are Met
(Alamgir Hossain; BUSINESS TIMES, 11 Aug 82) 13

BRUNEI

- Indonesian Foreign Minister Calls on Sultan
(BORNEO BULLETIN, 14 Aug 82) 14

BURMA

- Briefs
- Diplomatic Relations With Brazil 15

INDIA

Foreign Minister Reports on Gandhi U.S., Tokyo Visits (THE TIMES OF INDIA, 14 Aug 82)	16
Summary of Report Replies to Questions	
Report on Gandhi 13 Aug Speech To Congress-I MP's (THE TIMES OF INDIA, 14 Aug 82)	19
Gandhi Opens Adivasi Conference in Delhi (PATRIOT, 18 Aug 82)	20
Gandhi Failure To Report on U.S. Trip Scored (G. K. Reddy; THE HINDU, 12 Aug 82)	21
'Special Report' on Gandhi Visit To U.S. (Dewan Berindranath; PATRIOT, 14, 17 Aug 82)	22
Analyst Gives Background To Gandhi Moscow Visit (G. K. Reddy; THE HINDU, 22 Aug 82)	27
Defense Minister Answers Questions in Lok Sabha (THE HINDU, 14 Aug 82)	31
Imashev Speaks at Friends of Soviet Union Seminar (PATRIOT, 15 Aug 82)	32
Revolutionary Socialist Party Central Committee Meets (PATRIOT, 17 Aug 82)	33
Analyst Discusses Problems of Nonaligned Summit (Inder Malhotra; THE TIMES OF INDIA, 12 Aug 82)	34
Mizo, Tripura Rebels Reportedly Form Links (THE STATESMAN, 11 Aug 82)	36
Details of West Bengal Cabinet Changes Given (PATRIOT, 24 Aug 82)	37
Extremists Said Trying To Destabilize Punjab (Editorial; PATRIOT, 24 Aug 82)	38
Numerous Joint Indo-Arab Ventures Planned (PATRIOT, 24 Aug 82)	40
Meeting of Indian, Japanese Businessmen Reported (THE STATESMAN, 13 Aug 82)	42
India-China Society Inaugurated in Delhi (THE STATESMAN, 13 Aug 82)	44

Summary of Indian-Mongolian Joint Communique (THE TIMES OF INDIA, 16 Aug 82)	46
Analyst Discusses Future of Indian-U.S. Relations (THE HINDU, 15 Aug 82)	48
Analyst Discusses Gandhi Independence Day Speech (G. K. Reddy; THE HINDU, 16 Aug 82)	50
Text of President Singh's Independence Day Message (THE HINDU, 15 Aug 82)	52
Report on Defense Minister's Independence Day Speech (PATRIOT, 16 Aug 82)	54
Press Reports Failure of No-Confidence Motion (THE TIMES OF INDIA, 17 Aug 82; THE HINDU, 17 Aug 82)..	55
Gandhi Reply G. K. Reddy Report, by G. K. Reddy Finance Minister's Speech	
Planning Commission: Some Sectors Face Recession (THE STATESMAN, 21 Aug 82)	62
Supreme Court Stays Tamil Nadu 'Press Curb' Act (PATRIOT, 20 Aug 82)	64
Planning Commission Meets To Review Sixth Plan (THE STATESMAN, 20 Aug 82)	66
Iranian Visitor Discusses Trade Relations With India (PATRIOT, 18 Aug 82)	67
Scheduled Castes Commissioner Submits Report (PATRIOT, 18 Aug 82)	68
Beirut Embassy Reports Israel Detaining Indians (PATRIOT, 18 Aug 82)	69
Indo-Japanese Ventures in Third Countries Planned (THE STATESMAN, 18 Aug 82)	70
Lok Dal-K, Congress-S To Unite at National Level (THE STATESMAN, 18 Aug 82)	71
Indian Memorandum To IMF Outlines Economic Policies (THE STATESMAN, 23 Aug 82)	72
CPI-M Leader Addresses Indo-Romanian Society (PATRIOT, 19 Aug 82)	73
CPI-M, Janata Support Bombay Police Protest (PATRIOT, 20 Aug 82)	74

CPI Leader's Letter From Moscow Stirs Dissension (THE STATESMAN, 11 Aug 82)	77
CPI-M Appeals To Khalistan Activists (THE HINDU, 11 Aug 82)	78
Committee Reports on Condition of Public Firms (P. Sharma; THE SUNDAY STATESMAN, 15 Aug 82)	79
Assam Committee Scores 'Indiscriminate' Deportations (THE SUNDAY STATESMAN, 15 Aug 82)	81
Analyst Blames Economic Ills on Credit Squeeze (Shankar Jha; THE TIMES OF INDIA, 16 Aug 82)	82
G. K. Reddy on Indian Attitude Toward Summit (G. K. Reddy; THE HINDU, 11 Aug 82)	86
Go-Ahead for Maruti Vehicle Project Given (PATRIOT, 18 Aug 82)	87
Indian Ambassador's 17 Aug UN Speech Reported (PATRIOT, 18 Aug 82)	88
Experts Urge Strengthening of Indian Navy (Nirmalya Banerjee; THE STATESMAN, 19 Aug 82)	90
Bombay Police Revolt May Lead To Changes in States (G. K. Reddy; THE HINDU, 20 Aug 82)	92
Advantages of Scientific Cooperation With U.S. Assessed (THE HINDU, 14 Aug 82)	94
India, Argentina To Boost Trade Ties (THE TIMES OF INDIA, 14 Aug 82)	95
Briefs	
Air Chief Marshal's Death	96
Ambassador To FRG	96
Bangladesh Envoy	96
Ambassador To ROK	97

INDONESIA

Foreign Debt Repayments at Satisfactory Level (BUSINESS TIMES, 26 Aug 82)	98
State Tin Company Diversifying its Operations (BUSINESS TIMES, 11 Aug 82)	99
Drive To Achieve Self-Sufficiency in Sugar Production (Richard Cowper; BUSINESS TIMES, 11 Aug 82)	100

Plans for Fleet of Sailing Freighters (BUSINESS TIMES, 12 Aug 82)	101
Indonesian Communist Party Denounces Suharto Dictatorship (TEMPO, 6 Jun 82)	102
KAMPUCHEA	
Briefs	
PRK Army Health Problems	103
LAOS	
Defunct Cooperatives Revived, Weaknesses Acknowledged in Movement (SIANG PASASON, 4 Aug 82)	104
Editorial Cites Electrification as Priority (Editorial; SAING PASASON, 29 Jul 82)	106
SRV Route 9 Construction Unit Chief Describes Work (SIANG PASASON, 22 Jul 82)	108
Planning Commission Cites Agricultural, Industrial Achievements (SIANG PASASON, 27 Jul 82)	111
Briefs	
Savannakhet Livestock	113
Champassak Bank Deposits	113
Saravane Population	113
MALAYSIA	
Mahathir Speaks on Islam, Press Freedom (AFP, 10 Sep 82)	114
New Combat Arms Training Center To be Built (BUSINESS TIMES, 12 Aug 82)	116
Kuala Lumpur on ASEAN Military Exercises (Kuala Lumpur International Service, 10 Sep 82)	117
Communists Merge Armed Work Forces (NEW STRAITS TIMES, 28 Aug 82)	119
Barriers Remain Up Against British Exports (BUSINESS TIMES, 20 Aug 82)	120
Defense Pattern Shifting Toward High Technology (NEW STRAITS TIMES, 22 Aug 82)	121

Malaysia-Thailand Border Committee Discusses Communist Threat (NEW STRAITS TIMES, 27, 28 Aug 82)	122
Not Enough Progress New Approach	
Nation's Largest Refinery Planned for Malacca (BUSINESS TIMES, 24 Aug 82)	124
Musa Hitam Criticizes Student Group in Britain (NEW STRAITS TIMES, 8 Aug 82)	125
UMNO Youth Elects Anwar Ibrahim President (Kuala Lumpur Domestic Service, 9 Sep 82)	126
Briefs	
Trainees in Japan	127
Sarawak-West Kalimantan Border Discussion	127

PAKISTAN

Israel's Designs for Dominance Mentioned (MORNING NEWS, 4 Sep 82)	128
Reaction To Murder of Council Member Reported (Karachi Domestic Service, 13, 14 Sep 82).....	129
'High-Powered' Karachi Meeting Haq Terms Killing 'Subversion'	
Relations With Japan Examined; Trade Balance Suggested (DAWN, 4 Sep 82)	130
Indian, Soviet Row Over Khunjerab Pass Examined (A.T. Chaudhri; DAWN, 4 Sep 82)	132
Over 1.4 Million Acres To be Reclaimed (DAWN, 4 Sep 82)	134
Plea for Science and Technology Policy Voiced (DAWN, 4 Sep 82)	135
Minister Says Electoral Lists for Local Bodies, General Elections (MORNING NEWS, 4 Sep 82)	136
Effort To Stimulate Investment in Export Processing Zone (Mohammad Ziauddin; BUSINESS TIMES, 4 Aug 82)	137
Non-Aligned Movement's Role Lauded (MORNING NEWS, 4 Sep 82)	138

Perspectives on Social Evils, Reforms (MORNING NEWS, 4 Sep 82)	140
Prevalence of Video Form of Entertainment Discussed (MORNING NEWS, 4 Sep 82)	144
New Civil Aviation Authority Within a Month (MORNING NEWS, 4 Sep 82)	146
Private Sector Airline Options Considered (DAWN, 4 Sep 82)	147
National Housing Policy Finalized (DAWN, 4 Sep 82)	149
Standing Body for Universities in Punjab (DAWN, 4 Sep 82)	150
Briefs	
Pressnote on Attack on Diplomat	151
Safdar on Terrorists	151
Council Member Accident Victim	151
Haq on Afghanistan	151
Funds Transfer from Afghanistan Denied	151
WAPDA To Conduct Survey	152
Exports To Sri Lanka	152
Cotton Production Targets	152
Coal for Power Production	153
Shooting of Kuwaiti Diplomat	153
 PAPUA NEW GUINEA	
ADB Technical Aid for Port System (BUSINESS TIMES, 20 Aug 82)	154
 PHILIPPINES	
Nationwide Terrorism Reported (TIMES JOURNAL, 9 Sep 82)	155
Manila Columnist on Death Toll in Antidissident Struggle (Apolonio Batalla; BULLETIN TODAY, 3 Sep 82)	157
Transnational Corporations Geared To Manila Market (Feliciano Magno; BUSINESS TIMES, 11 Aug 82)	159
Drive To Export Nontraditional Products (BUSINESS TIMES, 17 Aug 82)	160
War of Words Between Church, State (Manolo B. Jara; BUSINESS TIMES, 23 Aug 82)	161

Manila Columnist Looks at National Livelihood Program (Eduardo M. Taylor; BULLETIN TODAY, 13 Sep 82)	162
Business Paper on IMF Loan Prospects (Conrado R. Banal III; BUSINESS DAY, 14 Sep 82)	164
Briefs	
State of Calamity 'Areas'	166
Troops Killed in Ambush	166
Ambushes, Shoot-Out Deaths	166
Typhoon-Hit Areas Proclamation	167
SINGAPORE	
Reduction in Projected Economic Growth Rate (BUSINESS TIMES, 13 Aug 82)	168
Resistance To 'Go Japanese' Campaign (Francis Daniel; BUSINESS TIMES, 28 Aug 82).....	169
Workers Party Loses Court Case, Headquarters (NEW STRAITS TIMES, 12 Aug 82)	170
Weapons Production for World Arms Market (NEW STRAITS TIMES, 18 Aug 82)	172
THAILAND	
Gen Saiyut Discusses Foreign Relations, Anti-CPT Efforts (Saiyud Kerdphol Interview; THE NATION REVIEW, 20 Jul 82)	173
Columnist Discusses Anti-CPT Political Offensive (Suthuchai Yoon; THE NATION REVIEW, 22 Jul 82)	178
Malay Sincerity Questioned on CPM Operations, Troop Pressure (Sathien Chanthimathon; MATICHON, 9 Aug 82)	181
Columnists Criticize Kampuchea Coalition Policy (BAN MUANG, 1, 4 Aug 82)	186
Trade Relations With SRV Considered, by Ta Mo Lo Analogy to Lebanon Drawn, by Nui Bankhunthien	
Writer Blasts Khmer Coalition, Urges New View of SRV (Kraisak Chunhawan; KHAO CHATURAT, 2 Aug 82)	190

Grenade Attack on Prem Discussed	
(SIAM RAT, 17, 18 Aug 82; BAN MUANG, 18 Aug 82; MATUPHUM 18 Aug 82; MATICHON, 18 Aug 82)	193
Possible Reasons Given	
Columnist Comments, by Nui Bangkhunthien	
Editorial Notes Military Connection, Editorial	
Columnist: Athit Must Take Action	
'SIAM RAT' Editorial Comment, Editorial	
Helicopters To Be Ordered for New Aviation Unit	
(MATICHON, 6 Aug 82)	202
Natural Gas Predictions Called Far Too Optimistic	
(KHAO CHATURAT, 9 Aug 82)	203
Unemployment Picture Worsens	
(Manas Ruamrudee; THE NATION REVIEW, 19 Jul 82)	209
Export Taxes To be Cut to Spur Rice Exports	
(Howard D. Greene; THE ISLAND, 23 Aug 82)	212
Briefs	
Malnutrition Statistics	214

SOUTH ASIAN NATIONS PLAN FORMATION OF REGIONAL GROUP

Kuala Lumpur NEW STRAITS TIMES in English 10 Aug 82 p 11

[Text]

ISLAMABAD, Mon. — Seven South Asian nations took a step forward in efforts to form a regional grouping on the lines of Asean here today when they decided to convene a Foreign Ministers' meeting at the middle of next year.

The idea of South Asian co-operation has taken on irreversible momentum, a joint communique issued at the end of a two-day conference of Foreign Secretaries from India, Pakistan, Sri Lanka, Bangladesh, Maldives, Nepal and Bhutan said.

"Noting that the process had acquired an irreversible momentum they expressed the determination of their Governments to accelerate the pace of regional co-operation," it added.

The Foreign Ministers' meeting would be held between May and September 1983 at a venue to be decided, the communique said.

Discussions on regional co-operation had so far been mainly confined to the level of bu-

reaucrats with groups of experts investigating possibilities of co-operation in fields like agriculture, transport, postal services, meteorology, telecommunications, rural development and health and population and scientific and technological co-operation.

Bangladesh first proposed the regional grouping two years ago but it had made little significant progress until now.

Milestone

At today's concluding session, however, Bangladesh Foreign Secretary Ataul Karim told delegates: "Our meeting in Islamabad marks a crucial milestone."

The communique said there should be a meeting in New Delhi in the next six months of national planning organisations to co-ordinate action before the Foreign Secretaries again meet in about March to prepare for the Foreign Ministers' conference.

The meeting also decided to implement immediately, if funds were available, experts recommendations on co-opera-

tion in agriculture, rural development, telecommunication, meteorology and health and population. Study groups were also formed to investigate co-operation in sports, art and culture.

Conference officials said work would start immediately on co-operation in forecasting monsoon rains which regularly flood the region and improving telecommunication links.

Diplomatic sources said there were still many hurdles to overcome before the South Asian grouping could approach the scope of co-operation present in organisations like Asean and the European Community.

The sources said trade, a key issue in any effective regional grouping, was significantly missing from deliberations among the seven South Asian nations.

They said India's size and the more advanced state of its economy compared to the other six nations was a major issue in working out ways of co-operation. — Reuter.

COMMENTS OF ADMINISTRATIVE REFORM COMMITTEE NOTED

Problems of Gram Sarkars

Dacca THE BANGLADESH OBSERVER in English 14 Aug 82 pp 1, 8

[Text] The Administrative Reorganisation Committee in its report observed that the Swa nirvar Gram Sarkar (SGS) failed as it was set up in isolation from the main structure of the Local Government and there was no linkage with the existing institution of Union Parishad.

The members of the Administrative Reorganisation Committee however differed in their opinions on the existence of administrative tiers both at union and village level. Neither the Union Parishad nor the Gram Sarkar has been effective the committee noted.

Soon after the 1977 presidential election the Union Parishads were informed of Government desire to nourish them. The then Government contemplated delegating more powers to the Union Parishads

The establishment of the Swanirvar Gram Sarkars in 1980 made the Union Parishads ineffective. The Union Parishad functionaries did not naturally like to be elbowed out of the power stream in that manner and unhealthy rivalries ensued between the Union Parishad and Gram Sarkar which was to the peril of the both.

The creation of Gram Sarkar for generating awareness about the socio-economic problems among the rural people and involving them in solving those problems to create a prosperous society was no doubt laudable but it failed due to a number of factors. The factors include:--The Gram Sarkars were introduced too soon without preparing the ground for the same and expanded all over the country too rapidly.

--No training was provided either to the Organising Committee or the office-bearers about discharging their duties.

--The institution of Gram Sarkar was used for political purposes and were under interferences by the ruling political party in choosing the office bearers.

--No supervision was maintained from the Government side. Strong local organisation like youth complexes were created and vested with unprecedented powers that subverted the authority of the existing institutions as well as of the Gram Sarkar the committee maintained.

The committee viewed that flexibility should be the essence for the legislative and administrative provisions for establishing local government at village level upholding linkages with the hierarchies.

More Inadequacies Noted

Dacca THE BANGLADESH TIMES in English 14 Aug 82 pp 1, 8

[Text] The Committee for Administrative Reorganisation-Reform constituted by the present Government has envisaged directly elected Chairman for Zilla (district), thana (police station) and union parishads as major reform measures.

In its report submitted to the Government in last June, the committee had also identified major inadequacies of the administrative system. These are:

Lack of appropriate, consistent and uniform personnel policies with regard to recruitment, promotion and training of public services.

Tadbir-based approach to decision-making.

Difficulties of the commonman to comprehend the compartmentalised functions and complexity in governmental decision-making.

Absence of a sound and durable political process to give appropriate, consistence and uniform policies with regard to public welfare.

Vertical functional departmentalism that vitiates area-based coordination.

Weak local government system rendered weaker by lack of appropriate political direction.

Weakening of traditional administrative and representative institutions at different levels of administration.

Creation of parallel political and administrative institutions leading to conflict in jurisdiction and

Reluctance on the part of the political authority to develop power to the representative institutions at the local level.

The report observed that it might not be possible to remove all these inadequacies all at once and suggested that endeavour should be to build up representative local institutions in the framework of a revitalised system of local government.

Unnecessary Level

The committee in its report had also shown the way to do it. It called for elimination of "unnecessary levels" of administration such as sub-division and division in a planned and systematic manner so as not to disrupt the continuity in administration.

The committee recommended straightway taking up of elections to Zilla Parishads (ZP), Thana Parishads (TP) and Union Parishads (UP) provided the electoral rolls were updated.

Reorganisation Cost

The committee suggested phased-out implementation of territorial reorganisation and estimated that the total cost for 30 districts out of the sub-divisions other than sadar and adjacent ones would be to the tune of Taka 48 crore 98 lakh 70 thousand or Taka one crore 63 lakh 29 thousand per district.

The major constraint in having a decentralised judicial system at thana level, the report observed, was the need for construction of jail facilities which would mean high capital investment.

As an alternative to this, the committee had suggested establishment of circuit courts of magistrates/munsiffs in the thanas having all-weather roads connected with district head quarters. It has been estimated that to upgrade administration in 387 thanas would cost Taka 298 crore 53 lakh 18 thousand.

The report said that it had been the general consensus that the basic precondition of any meaningful effort at administrative reform must be building up of popular and representative institutions at district, thana and union levels. The question of extending this to village level should also be one of the objectives.

The committee observed that the administrative reorganisation/reform could be effective only in a framework of national political process and the national political system. The need for a political superstructure based on national will and national aspirations, the committee observed could not be ruled out to give adequate and consistent support to reform measures as outlined in the report.

Committee Members

The Chief Martial Law Administrator Lt. Gen. H. M. Ershad constituted the committee on April 28, 1982 with Rear Admiral M. A. Khan DCMLA and Minister in charge of Communication as Chairman.

Other members of the committee were Mr A Z M Obaidullah Khan Minister in charge of Agriculture Mr M. M. Zaman, Secretary Cabinet Division Brig Mahmudul Hasan Director Military Operation Army Headquarters; Dr. Anisuzzaman Professor of Public Administration Chittagong University; Dr. Shaikh Maqsood Ali Director General National Institute of Public Administration and Dr. A. M. M. Shawkat

Ali Member-Director Bangladesh Agricultural Development Corporation. The committee later co-opted Mr. Obaidul Huq Editor Bangladesh Observer S M Al-Hussain member Planning Commission and Mr M.A. Samad Retired Director of Agriculture members.

Terms of Reference

Terms of reference of the committee were: to review the structure and organisation of the existing civilian administration with a view to identifying the inadequacies of the system for serving the people effectively; and to recommend an appropriate sound and effective administrative system based on the spirit of devolution and objective of taking the administration nearer to the people.

CSO: 4220/7821

BANGLADESH JUTE LOSING GROUND IN WORLD MARKET

Dacca THE NEW NATION in English 14 Aug 82 pp 1, 8

[Text] The price of Bangladesh jute has suddenly declined in the international market over the current month owing to what experts termed as faulty policy of the government.

BWC grade is learnt to have sold recently at 190 pound-sterling as against 212 per metric ton about a month back. Similarly, BWD variety was sold at 160 pounds which has been sold at 174 pounds a few weeks back.

A number of jute experts told this correspondent that figures, dished out by the Government recently showing increase in the international jute price was misleading. In fact, the price was coming down, they said.

The dismal situation of Bangladesh jute in world market despite poor crop this year all over the jute producing countries including India, and the FAO forecast of a good prospect for jute demands.

The experts listed the main reasons for the plight of the Bangladesh jute as:

a) International conspiracy inspired by weak policy of the Government, b) government support to monopolise jute trade by few traders, and c) monopolist's keeping the home market price down; so are the international buyers.

Pointing to the prices in mufassil markets, they said the growers are getting no better price than that of the previous year in the absence of adequate buyers. With the withdrawal of export duty the growers should automatically get a benefit of Tk 20 per maund.

The experts said, "it is now certain that our jute is finding its way across the border."

Substantiating the claim said, the unofficial value of Indian currency had recently come down. One can buy 57 Indian rupees for 100 Bangladesh Taka. About a fortnight ago, 48 rupees sold for 100 taka.

They said there was no earthly reason for Indian currency weakening to Bangladesh currency and from this one should assume the volume of jute going out of the country through illegal trade.

The experts said the international buyers found jute price in Bangladesh market low. They would naturally not incline to give higher price.

They said that the situation would not improve unless the Government corrected its policy with regard to jute and trade though the commodity has good prospect in the international market.

In its report on jute in June Government was going to open foodgrains procurement centres in each hat in the rural areas.

BSS adds: Mr Obaidullah Khan said any lethargy in achieving the production target in agriculture sector of current Annual Development Programme 'will be suicidal'.

Addsraing a gathering of agriculture and irrigation officers yesterday, the minister said the economic growth envisaged in the current ADP would largely depend on the success in the agriculture sector. He pointed out that the present Government had undertaken a 160-crore taka rural works programme to revitalise the rural economy.

CSO: 4220/7822

BANGLADESH

PRC REPORTEDLY MAJOR ARMS SUPPLIERS TO DACCA

New Delhi PATRIOT in English 18 Aug 82 p 8

[Text] BEIJING, Aug. 17 (PTI)--CHINA is becoming a major source of military hardware and training for Bangladesh, according to informed sources.

Sources said that Bangladesh received last year one squadron of Chinese built MiG-21, a few transport planes and a squadron of Chinese-manufactured T-50 tanks.

Batches of Bangladesh military personnel are coming to China regularly for training. Besides, China is helping Bangladesh to set up arms factories and updating naval dockyards.

During East Pakistan regime, China had set up an ammunition plant at Jaydebpur in the outskirts of Dacca.

Now that Lt. Gen. H M Ershad, who seized power in a bloodless coup on 24 March is consolidating his position and continuing the policy of late Ziaur Rahman to maintain close relations with China, possibilities of high level contacts between the two countries are gathering momentum.

Lt Gen. Ershad is likely to visit China in the first quarter of next year, sources said.

As is well-known, China has been paying greater attention to strengthen its relations with countries in the eastern flank since the entry of Soviet forces in Afghanistan in December 1979.

China is also strengthening relations as part of the same strategy with five countries of Association of South East Asian Nations (ASEAN) --Singapore Malaysia Indonesia, the Philippines and Thailand, besides Burma.

China has been a vocal supporter of former Bangladesh President Zia's concept of South Asian summit for regional economic cooperation.

So far, three meetings had taken place at Colombo, Kathmandu and Islamabad at Foreign Secretary's level.

It is in this light that observers here have noted a favourable commentary on 'Bangladesh under Military Rule' in the latest issue of the official weekly Beijing Review.

According to the journal, in foreign affairs "the new government continues to follow a policy of independence and non-alignment."

CSO: 4220/7808

PLAN STRESSES IMPROVEMENT IN EDUCATION STANDARD

Dacca THE BANGLADESH TIMES in English 14 Aug 82 pp 1, 8

[Text] The Government has laid "special emphasis" to ensure overall improvement of standard of education in the Annual Development Programme (ADP) for the 1982-83 financial year, reports BSS.

With this end in view, the programme envisaged the introduction of primary education, development of secondary education and expansion of technical education facilities.

In the current year's ADP, Taka 107.03 crore has been allocated for the development of the education sector. The amount will be spent for the completion of 62 projects within the programme period.

Out of the Total allocation, Taka 44.89 crore will be spent for primary and mass literacy sector while Taka 35.48 crore for secondary education, Taka 11.48 crore for technical education and Taka 15.18 crore for other related sectors.

The programme emphasised the need for creating necessary facilities to introduce universal primary education. It includes free distribution of text books to the 36 lakh pupils comprising half of the Grade one, two and three students and free school dresses to 14 lakh students, 30 per cent of the Grade one and two.

The programme also includes the repairing works and construction of class rooms and supply of different educational instruments. It will also form 'local education authority' for streamlining the administration of the schools.

In secondary education, according to the programme, the Government will provide scientific instruments, text books, furniture and other facilities to 123 high schools in different thana headquarters. The government will also give priority on the establishment of community schools in the rural areas for developing skilled manpower.

With this aim in view, a total of 98 schools will be provided with workshops and given necessary equipment. Integrated science courses will also be started on the secondary schools while the public and private schools will be provided with other facilities, the ADP provisions say.

Facilities on the technical education sector would be expanded to produce sufficient number of engineers and skilled technicians. The programme covers engineering university, institute of flood control and creation of more facilities for teachers and students.

The ADP also envisages the conversion of residential model schools in Sylhet, Rangpur, Barisal Pabna and Mymensingh into cadet colleges. The process of conversion would continue.

In the religious education sector, the Government has taken-up a programme to involve the imams of the masjid in the uplift activities of the country. In all 900 imams of about two lakh masjids of the country would be given training in the fields of agriculture, pisciculture, poultry and cooperatives.

During the current fiscal year the Government would establish 487 libraries in different mosques and publish 71 religious books. Besides, the works for publishing an Islamic encyclopaedia and the beautification of Central Baitul Mukarram Mosque would continue.

CSO: 4220/7821

ROK REPORTED EAGER TO SET UP INDUSTRIES IN BANGLADESH

Dacca THE BANGLADESH OBSERVER in English 14 Aug 82 p 1

[Text] South Korean investors have shown keen interest now to set up export-oriented industries, especially ready-made garments; leather; electronics; etc. in Bangladesh under the joint collaboration with the local entrepreneurs. Already some Korean firms have set up joint venture industries in Chittagong district and some more are in progress.

The volume of trade between South Korea and Bangladesh has also increased considerably in the recent past. The Korean importers are interested to import leather, raw jute, jute goods; etc. in larger quantities. A trade delegation from Bangladesh visited Seoul last month to discuss further expansion of business on leather and leather goods. South Korea is also keen to supply machineries and other essential items to Bangladesh at a cheaper rate suitable for use in agricultural and industrial sector.

The Seoul International Trade Fair--82 (SITRA--82) will begin from September 24 and will continue till October 18 next in Seoul at the Korea Exhibition Centre (KOEX) Hall for the promotion of trade activities among the countries. The fair will be participated by 253 foreign companies and 672 Korean companies for display and spot sell of their exhibits, mainly consumer and industrial goods.

Over 10,000 buyers including 65 business groups and 45 trade missions are expected to visit the fair. The Director of Korea Trade Centre in Dacca, Mr Y. S. Kim has been organising a business tour group from Bangladesh for the Seoul fair.

CSO: 4220/7821

IMF WITHHOLDS LOAN DISBURSEMENTS UNTIL TERMS ARE MET

Kuala Lumpur BUSINESS TIMES in English 11 Aug 82 p 20

[Article by Alamgir Hossain in Dacca]

[Text] **BANGLADESH** is learning this lesson the hard way: don't displease the International Monetary Fund (IMF).

In July last year, the IMF suspended disbursement of a US\$912 million loan granted seven months earlier. The agency stopped the disbursement to show its "open displeasure" — as one Dacca official put it — at the way Bangladesh was handling the loan.

So far, IMF has released US\$210 million of the total. And chances are the IMF will continue withholding disbursements until Dacca has substantially complied with certain conditions imposed by the Fund.

These conditions are all aimed at putting the country's economy in order. These included currency devaluation, a drastic cut in government spending, withdrawal of subsidy from foodgrains, fertilisers and a number of other items, a total overhaul of the country's credit system, and ensuring investments in "truly productive sectors."

The food subsidy programme is a particularly sore spot in the IMF's reckoning. The programme, according to knowledgeable sources, benefits only a privileged few consisting of the urban middle-

class, army, police and the para-militia.

For instance, the government imports essential food items, like wheat and cooking oil, for sale at subsidised prices to the privileged few at state-owned stores. The prices are frequently way below those in the open market from which the majority of the Bangladeshis buy their essential needs.

Thus far, Bangladesh has implemented some of these conditions. The taka currency has been devalued although it was not officially announced. Officials prefer to call it "currency readjustment."

The government apparently had also reduced the food subsidy by increasing the prices of items sold through the public distribution system. Fertiliser prices have also been increased.

These moves, however, are not up to the IMF's full satisfaction; it continues to suspend disbursement despite frantic appeals from Dacca.

At the same time, authoritative sources admit that the IMF continues to exert strong pressure on the government to do much more. This could be gleaned, they said, from the constant visits of an IMF appraisal team to the country.

Difficulties

Since disbursement was stopped, the IMF team visited the country thrice, the last in June this year. Also, officials estimate that there have been at least 90 rounds of talks but there seems to be no end to the impasse.

According to sources, two more IMF teams are scheduled to visit Dacca sometime this year to follow up what has been discussed last June.

Some Bangladesh economists have railed at what they described as the "pressure-game tactics" employed for Bangladesh to do the IMF's bidding. They claim that the IMF is only preparing the ground for the imposition in the near future of more stringent terms and conditions say, for the release of a new loan.

But, at the same time, these economists admit that some of the present IMF conditions are valid in the light of the present state of the economy, which is in disarray.

Meanwhile, Bangladesh is placed in a tight spot with the continued refusal of IMF to resume loan disbursements. "We are literally scraping the bottom of the barrel," a Dacca official says.

As a result, the country has imposed a ban on all imports except oil. Worse yet, oil imports have to be paid in cash. The government admits that the resumption of disbursements will go a long way in helping the country tide over its present economic difficulties.

One such disbursement stopped by the IMF is called the compensatory financing facility (CFF). As the term implies, the CFF aims to compensate for the country's shortfall in the export trade sector due to the current recession in the world market.

That Dacca is scrounging around for funds can be gleaned from its decision to line up US\$200 million in short-term credits with several US banks and private lending institutions like Hanover Trust, Morgan Guaranty and American Express.

It's a move which admittedly will plunge Bangladesh deeper into debt, considering that it will be paying these loans at commercial interest rates. But the government feels that there's no other option — if only to relieve the tight financial pressure in which the country now finds itself. — Dep-thnews Asia

INDONESIAN FOREIGN MINISTER CALLS ON SULTAN

Kuala Belait BORNEO BULLETIN in English 14 Aug 82 p 2

[Text]

BANDAR SERI BEGAWAN.— There will be no return to past policies which soured relations between Brunei and Indonesia, the Indonesian Foreign Minister, Dr Mochtar Kusuma-atmadja, stressed on Monday.

"I think with changes of government (in Indonesia) and of presidents and the reversal of past policies, everything has followed from that," said the minister, explaining the developing friendship between the two countries.

He told the Bulletin: "There will be no recurrence of past policies, I can assure you of that."

Dr Mochtar was speaking on the eve of his departure from Brunei after a three-day goodwill visit.

He was the first senior Indonesian government minister to visit the state since relations between the two neighbours cooled 20 years ago after an abortive rebellion in Brunei.

Brunei rebel leaders at that time found asylum in Indonesia.

He said his government would welcome Brunei joining the Association of South-East Asian Nations (ASEAN) and added: "I think my colleagues in ASEAN share that view."

"If Brunei decides to join ASEAN, she will be accepted without any problems, I'm confident of that."

(Brunei will decide whether to join the grouping after full independence from Britain at the end of next year).

The minister said Indonesia was prepared to co-operate with Brunei in any field that may be necessary.

"We don't exclude any field," he stated.

The visitor was given an audience with His Highness the Sultan and Yang Dipertuan at the Istana.

He said he expressed the wish of Indonesia's President Suharto that more exchanges of visits between the two countries will follow and the Sultan "fully agreed" with this view.

The Sultan's visit to Indonesia last year paved the way for the marked improvement in bilateral relations.

The Brunei government allowed its citizens for the first time since the troubled period, to travel to Indonesia on other than strictly official business.

Earlier this year, a deputation from the Brunei Legislative Council, led by the Speaker, Pengiran Muda Haji Kemaludin, visited Jakarta.

Dr Mochtar said he found Brunei to be "prosperous and well run and almost enviable" compared with other countries in the area.

The minister was accompanied by his wife, Ibu Mochtar.

During his stay, he also had an audience with the Perdana Wazir, Prince Mohamed, at the Diplomatic Service Department and had meetings with the Sultan's General Adviser, Pehin Dato Haji Isa, the acting Menteri Besar, Pehin Dato Haji Abdul Aziz, and the acting State Secretary, Pehin Dato Abdul Rahman Taib.

The visitor also paid a courtesy call on the acting British High Commissioner, Mr Tom McMahon.

BURMA

BRIEFS

DIPLOMATIC RELATIONS WITH BRAZIL--Rangoon, 1 Sep--The Socialist Republic of the Union of Burma and the Federative Republic of Brazil, desirous of promoting relations of friendship and cooperation between the two countries, have agreed to establish diplomatic relations as of the 1st of September 1982. [Text]
[BK051317 Rangoon WORKING PEOPLE's DAILY in English 1 Sep 82 p 1]

CSO: 4220/377

FOREIGN MINISTER REPORTS ON GANDHI U.S., TOKYO VISITS

Summary of Report

Bombay THE TIMES OF INDIA in English 14 Aug 82 pp 1, 5

[Text]

NEW DELHI, August 13.

MOST of the opposition members walked out of the Lok Sabha this afternoon as soon as the external affairs minister, Mr. P. V. Narasimha Rao, got up to make a statement on the Prime Minister's recent visit to the U.S. and Japan.

Mr. Narasimha Rao said that the Prime Minister's visit to the U.S. was essentially a visit of goodwill and friendship and "it served this purpose effectively and constructively." He hoped that Indo-U.S. relations would be improved by "this new spirit hereafter."

However, with the exception of Muslim League and the DMK members, the opposition benches were empty as the statement was read out.

Loudly shouting "no, no", the opposition members rose to their feet as the deputy speaker, Mr. G. Lakshmanan, called upon the external affairs minister to read out his statement. They wanted the Prime Minister to make the statement.

Mr. Madhu Dandavate (Janata), expressing the feelings of the opposition members, remarked that Mrs. Gandhi was in the capital and her refusal to come to the house meant denigrating the institution of parliament. The Prime Minister had shown total disregard for the house, he said.

He pointed out that previous Prime Ministers—Jawaharlal Nehru, Lal Bahadur Shastri and Morarji Desai—always made statements to parliament on their return from foreign tours. Mr. Rao had not even accompanied the Prime Minister, he added.

COMMON DEDICATION

A cacophony of voices broke loose as Mr. Dandavate sat down after his submission and Mr. Narasimha Rao rose to his feet again. To those who interrupted him, the minister was heard to retort: "I have been asked to read the statement. I have to obey the chair."

Almost the entire opposition thereupon hatched out of the house.

Mr. Narasimha Rao, in the course of his six-page statement, remarked that India and the U.S. had their differences and their perspectives varied on certain issues. However, the two peoples shared a common dedication to democracy and its values. India's development programme had received assistance and co-operation from the U.S.

While acknowledging the areas of disagreement, the objective of the Prime Minister's talks with President Reagan was to try to develop a more friendly and co-operative relationship.

Tolerance of difference view points and understanding of each other's perceptions could alone have way for amicable relations, Mr. Rao said.

As the Prime Minister pointed out during her visit, friendship with one state did not and ought not to exclude or be at the expense of friendly relations with any other. "We judge each issue on its merits taking into account the interests of our nation and of world peace".

Mr. Rao said there were several indications during the visit that this was being recognised along with India's role as a factor of stability and moderation not only in our region but also in the broader international context.

The talks with President Reagan covered a wide range of subjects and were marked by warmth and openness. The U.S. President referred to India's

commitment to democracy and non-alignment. Mrs. Gandhi emphasised the role played by our economic planning in the strengthening of democracy.

President Reagan's attention was drawn to India's concern at the increased flow of arms into our region and to our opposition to foreign interference of any kind. It was pointed out in particular that India's misgivings over the acquisition of sophisticated weapons by Pakistan arose out of our past experience.

There was also an interchange of each other's assessments of the situation in Afghanistan and West Asia with special reference to Lebanon. The two leaders agreed that solutions could be found only through political negotiations.

Referring to the agreement over Tarapur fuel, the minister said that fuel would be received from France under IAEA safeguards within the framework of the 1963 Indo-U.S. agreement.

The difference of opinion between India and the U.S. on reprocessing of spent fuel was not something new. "The major point of friction has been removed while safeguarding our interests and our principles and ensuring the functioning of the Tarapur plant."

On role of financial institutions for economic development, Mr. Rao said that India had made good use of the IDA funds and a reduction of these funds would upset our planned programme. While noting these points, President Reagan mentioned his budgetary constraints.

Among other measures to strengthen bilateral relations, the statement mentioned the establishment of a high-

level joint committee to expand co-operation in science and technology, a decision to intensify cultural exchanges and the institution of a Nehru studies programme.

The statement briefly mentioned Mrs. Gandhi's exchange of views with the U.N. secretary-general in New York and her overnight stop in Tokyo.

A keen desire to strengthen bilateral co-operation and work together for preserving peace and ensuring a better life for all characterised the dialogue between Mrs. Gandhi and Japan's Prime Minister.

UNI adds: Almost the entire opposition in the Rajya Sabha today walked out of the house in protest against Mr. P. V. Narasimha Rao making a statement on the PM's visit to the U.S.

Mr. Harkishan Singh Surjeet (CPM) protested against what he described as the "unusual and wrong procedure" adopted by the government in this matter affecting the dignity of the house.

Mr. L. K. Advani (BJP) said the government had "deliberately flouted the reasonable request of the opposition" that the Prime Minister herself make the statement.

Those who walked out belonged to the CPM, Janata, BJP, Lok Dal, RSP and DSP.

Earlier, the leader of the house, Mr. Pranab Mukherjee, said there was nothing "improper" in the external affairs minister making the statement.

Mr. Mukherjee recalled that even in the past he himself had made a statement on behalf of Mrs. Gandhi on the Prime Minister's talks with the Soviet President, Mr. Brezhnev, in Delhi.

Replies to Questions

Bombay THE TIMES OF INDIA in English 14 Aug 82 p 5

[Text]

NEW DELHI, August 13 (PTI).

MMR. P. V. Narasimha Rao, external affairs minister, asserted in the Rajya Sabha today that there was no need for a change in the country's fundamental policy on West Asia, whether on the Israeli action in Lebanon or on the Iran-Iraq war.

Replying to clarifications sought by Mr. Jaswant Singh (BJP) on a calling-attention motion tabled by him and two others on the latest situation in West Asia, Mr. Rao said India's present policy towards finding a comprehensive settlement to ensure an independent statehood for Palestinians would be pursued with added vigour.

Making an analysis of the developments leading to the present cease-

fire in Beirut, Mr. Rao claimed that despite the barbarity of its action against all norms of civilised behaviour, Israel had not completely overrun Beirut, owing to international public opinion built up by India and others in the non-aligned movement.

Mr. Jaswant Singh referred to the statement made by Mr. Rao earlier on the subject and said it did not make any mention of the Iran-Iraq war which, besides the Israeli action in Lebanon, was the focal point for super-power confrontation in the entire area.

"LESSON FOR INDIA"

He said Israel had humbled the Gulf states and the Palestinians by its "brutal" action, and had gone to the extent of "humbling" even the United States. This had a lesson for India whose policy stood "shattered", he

said, and wanted to know whether there was any change in the country's policy towards West Asia, taking into account its "national interest."

The member also suggested that India's policy towards Egypt should be changed in the context of the latter's Camp David agreement with the U.S. and Israel.

Clarifying the position on the Iran-Iraq war, the external affairs minister said the situation was now at a "crucial" stage and there were "some chances of the war coming to an end. Efforts were being pursued for an amicable solution," but I cannot make any specific guess," he added.

About Egypt, Mr. Rao said, it was true that Egypt had found itself in a difficult situation with Arabs after signing the Camp David agreement. However, India's relations with Egypt had remained "cordial" though "we had some genuine differences" with that country on the issue.

Turning to Israel, Mr. Rao said, the "brutality" of its action in Lebanon would not go "in vain." This "brutality" might lead to the questioning of the very basis of the formation of Israel, though India stood for the existence of Israel and also the creation of a separate state for the oppressed Palestinians, he added.

FRAGILE SITUATION

Mr. Rao said that India was constantly monitoring "the gravely fragile" West Asia situation which was evolving very rapidly and changing from hour to hour, making it difficult to say what would be the ultimate outcome.

He referred to the reported abandoning of the efforts of Mr. Philip Habib, U.S. special envoy, to evolve some satisfactory solution to the problem and said all this underlined the gravity of the situation.

Quoting from daily reports, the minister said the efforts of the U.S. special envoy had been abandoned under instructions from his President "owing to the most sustained, indiscriminate, ruthless and inhuman bombing of west Beirut."

"It makes abundantly clear that Israeli intention and motivations were the total annihilation of the Palestinian people and it had no intention to give back any of the territories it occupies," Mr. Rao said.

As far as India was concerned, the minister said "our fundamental approach is that whatever solution is arrived at should have two necessary elements". These elements were (1) the solution must have the concurrence of the PLO and the Lebanese government, and (2) the solution must be but a first step simultaneous with the search for a comprehensive settlement which would have to ensure the inalienable rights of the Palestinian people, including their right to an independent nation-state," he added.

UNI adds:

Mr. Rao stressed that the Palestinian evacuation had to be undertaken under conditions which would ensure the safety and security of those being withdrawn and of those remaining behind.

It was not for Israel to impose its wishes on the issue of disposition of PLO forces, Mr. Rao said.

CSO: 4220/7792

REPORT ON GANDHI 13 AUG SPEECH TO CONGRESS-I MP'S

Bombay THE TIMES OF INDIA in English 14 Aug 82 p 1

[Text]

NEW DELHI, August 13.

THE Prime Minister, Mrs. Indira Gandhi, today warned her party members who indulged in public criticism of chief ministers or other ministers.

She said such activities should stop forthwith for indiscipline would not be tolerated.

Addressing a general meeting of the Congress (I) parliamentary party here today, Mrs. Gandhi said chief ministers were elected by general consensus and not by any individual. She categorically denied her hand in removal or appointment of any chief minister.

Mrs. Gandhi stressed the need for unity in the party and suggested that the parliamentary party executive committee, which was an elected body, should look into such matters of indiscipline.

Referring to the 1977 general elections, Mrs. Gandhi said her party lost because opposition had resorted to false propaganda against her. "We were not able to face false propaganda by opposition at that time," and therefore, it was imperative that "we must stand united now," she added.

Now some of "our own party members" were indulging in loose talks and it was time that the party functioned unitedly. It was only Congress (I), which could keep the country together.

BASELESS REPORTS

She stressed the important role which her party had to play to implement the programme of eradication of poverty and to bring about economic and social equality. The country

had to keep going as a non-aligned nation, she said.

Describing some newspaper reports as baseless, she said many incidents sought to be projected as communal or caste clashes were, in fact, political or economic conflicts. Some such incidents of clashes take place purely due to local personal rivalries.

She called upon her partymen to have wisdom to look through these incidents and place them before the people in proper perspective.

Mrs. Gandhi said that there have been differences among partymen ever since the Congress came into existence. At times of crisis and challenges, partymen were able to rise above petty quarrels.

STRESS ON UNITY

She said that the need of the hour was to face these challenges of "utterly baseless, false and untruthful character assassination" indulged in by the opposition.

Mrs. Gandhi criticised the role of the opposition, which she described as "destructive." They (the opposition) had never placed before the country any useful work or suggestion. They were breaking themselves by their own deeds.

The opposition had always chosen the time of tabling a no-confidence motion against the government "when-ever I am on a visit abroad" or before or after "my visit" abroad.

These things show their frustrated attempts for they bring trivial matters in the debate on no-confidence motion. "After all what are they going to gain out of such debates," she asked.

GANDHI OPENS ADIVASI CONFERENCE IN DELHI

New Delhi PATRIOT in English 18 Aug 82 pp 1, 10

[Text] Prime Minister Indira Gandhi on Tuesday asked the bureaucracy to understand the spirit behind the Government policies and programmes for the upliftment of Adivasis (Tribals) and implement them with zeal and enthusiasm, reports PTI.

The Adivasis on their part, through their associations, should co-ordinate with the authorities both at the Centre and the States to sure speedy enforcement of measures intended for their benefit Mrs Gandhi said while inaugurating the sixth annual conference of the Akhil Bharatiya Adivasi Vikas Parishad in the Capital.

Admitting that Adivasis had to undergo tremendous tortures and suppression through the ages, and that not much could be done for their betterment in the initial years of Independence, the Prime Minister said even the tribal development plan and sub-plans initiated for quite some time were yet to benefit millions of them living in remote tribal belts of the country.

The success of Government measures to bring Adivasis at par with the rest of the society, Mrs Gandhi said, depended primarily on the interest taken by the officials concerned with their implementation.

Problems

Mrs Gandhi admitted that the tribal welfare plans made by the Centre were implemented tardily. One of the possible reasons for it might be that different tribal belts were facing different problems.

Besides, the States on whom rested the implementation of those plans, were vast in size, some of them even bigger than a few countries in the world. This hampered proper monitoring of the success of those plans.

She suggested that the organisations of Adivasis should bring to the notice of the Government any shortcomings in the plans meant for their welfare so that they could be rectified.

The Prime Minister underlined the need to preserve forests in tribal areas to maintain the ecological balance and urged the Adivasis to protect this natural gift.

GANDHI FAILURE TO REPORT ON U.S. TRIP SCORED

Madras THE HINDU in English 12 Aug 82 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, Aug 11.

A controversy erupted in Parliament today over the propriety of the announcement by the Government that the External Affairs Minister, and not the Prime Minister herself, would be making a statement on her visit to the U.S.

The Opposition members in the Rajya Sabha protested vehemently when the leader of the House, Mr. Pranab Mukherjee, maintained that it was for the Government to decide who was the proper Minister to make such a statement.

The established practice hitherto has been for the Minister concerned, whether it is the Prime Minister or some other Minister, to make a statement in Parliament on the outcome of a foreign visit. But an exception was made after Mrs. Gandhi's visit to Britain earlier this year, when the Finance Minister, Mr. Pranab Mukherjee, made a statement on the economic aspects of her discussions in London, although he did not accompany her on that occasion.

Precedent: Relying on this precedent, it was felt that the Prime Minister need not make a statement on her U.S. visit if she did not want to do so for any particular reason. As the main interest of the Opposition members, who were demanding a statement, seemed to be primarily in the nuclear question, it would be more appropriate for Mr. Narasimha Rao to make a statement summing up the outcome of her talks in Washington on the subject and his own follow-up discussions with the French Foreign Minister in Delhi.

It was against this background that Mr. Mukherjee asserted that it would not matter whether the statement was made by the Prime Minister or External Affairs Minister, since the subject related to foreign relations. A statement by the External Affairs Minister would, in his

view, meet the requirements in this case.

Differing procedures: The rules of procedures of the Lok Sabha and Rajya Sabha are quite different in regard to the rights of members to put questions to the Minister making the statement for seeking elucidations. In the Lok Sabha, no questions are allowed after the statement is made, but the subject could be discussed later through a substantive motion. The Rajya Sabha rules, however, permit members to ask questions immediately after the Minister completes his statement to seek further information.

According to latest indications, Mr. Narasimha Rao will be making the statement on Friday, the last day of the current session, which will leave the Lok Sabha members with no opportunity at all to discuss the issue before the adjournment of the House. But if the no-confidence motion proposed to be moved is admitted, then the House would be able to discuss any issue including the nuclear question in depth before the vote is taken on the motion.

No deliberate attempt: The Prime Minister herself will have to intervene during the debate on the no-confidence motion and, in the course of her reply to the various charges levelled by the Opposition, explain the implications of the understanding reached with the U.S. on the Tarapur question. Her reluctance to make a statement on the subject cannot, therefore, be interpreted as a deliberate attempt to avoid saying anything on the subject in Parliament at this stage, pending the finalisation of the safeguard conditions with France.

But she has, nevertheless exposed herself to the accusation that she was shying away from making a statement in the normal course on an important issue.

'SPECIAL REPORT' ON GANDHI VISIT TO U.S.

New Delhi PATRIOT in English 14, 17 Aug 82

[14 Aug 82 pp 2, 7]

[Article by Dewan Berindranath]

[Text]

ACCCEPTING Prime Minister Indira Gandhi's invitation to visit India at a convenient time (which may be some time in autumn next year) President Reagan revealed in a lighter vein that only once previously he had touched the Indian soil briefly. It was during a brief flight from Vietnam during a halt at Calcutta (or may be Bombay)—he did not remember but all he did was to sleep during the stop-over. A major outcome of Mrs Gandhi's nine-day safari to the US is an indication that the President of the United States would henceforth take India more seriously.

This does not of course mean that the Reagan Administration has changed its spots. As Mrs Gandhi had herself stressed so often during her numerous public engagements, she had not gone there to 'convert' anybody. Neither did she go there with a shopping list. No disappointment is called for where no hopes were nurtured. She had gone there as she herself had put it in an interview with the NBC, 'to explain the compulsions of Indian circumstances'—a mission she accomplished admirably.

As a result of the plain speaking done by Mrs Gandhi, there has undoubtedly been a perceptible awareness among the media—and even the establishment of India's role as the leading na-

tion of the nonaligned world. There was indeed some evidence to suggest that the truth had gone home to the American President—he conceded it publicly at least.

Speaking at a banquet he hosted for Mrs Gandhi Ronald Reagan stressed the need for 'stripping away of stereotypes'. It may be too early—or in fact too naive—to expect a major policy change in the American attitude emanating from this recognition of the need to do away with a 'stereotype' of India. There are several other factors which may come in the way of a basic change in American policies. One such factor could be the type of relationship America has developed with Pakistan. It is no coincidence that close on the heels of Mrs Gandhi's return to India has been announced a further beefing up of massive credits for arms aid to Pakistan. President Zia will visit the US before the end of the year and is likely to return with a considerable quantity of weapons.

All this and much more may continue to cloud Indo-American relations—in spite of President Reagan's hint that no ground really remains for misunderstandings through ill-conceived stereotypes. Nonetheless the essential message implicit in Mrs Gandhi's visit to the US needs to be re-emphasised: it is simply this;

she was accepted in the States as unquestionably the most important—not necessarily the friendliest—leader of the Third World. She did have many things to discuss, but nothing on which she wanted any favours.

Of considerable diplomatic significance have been non-political gestures such as an unprecedented scale of effusive welcome and personal telephoning by President Reagan to Mrs Gandhi. They do at least indicate that out of the entire nonaligned community India alone has inched her way to some sort of diplomatic equality with the United States. Secondly, all such fanfare attached to her visit marked the point that whether the US Administration approved or disapproved of Indian policies—they cannot be ignored.

Much is being asked about the nature and contents of the talks Indira Gandhi had with American leaders. To begin with, it may be noted that these talks were neither exhaustive nor specific. The time allotted for talks seemed indeed too short. The face to face talks in the 'Oval Office' between the President and the Prime Minister had lasted barely half an hour, including a few minutes given in the beginning to a small group of selected journalists including this writer, see them seated. There were talks between officials of both sides which lasted another one and a half hours.

At a 'working lunch' at the State Department the same day, 29 July—there were discussions between the two sides for no more than an hour. These talks were slightly supplemented during the banquet the American President hosted for Mrs Gandhi and the return banquet hosted by Mrs Gandhi for Vice-President Bush. There were thus about three hours. Obviously nothing more than very broad formulations could have been talked by either side during such short duration parleys.

The divergence of perceptions was already known to both sides. It was realised that a major regional power like India cannot have the same perception as that of a super power like the

USA. This recognition of difference in global and regional perception was reflected in the decision to do away with any joint statement over the talks. There was not a single joint briefing by the two sides. So concerned were the two sides to avoid 'controversies' that during all the eight days of our stay in USA there was not a single meeting between the Indian press and anyone of any consequence from the US side.

All the substantial talking was thus over in one day—29 July. The main point which emerged was that while India wants to improve ties with the US, Mrs Gandhi was in no mood to give in on any issue of concern to this country. Conversely, the Americans also made it obvious that their global interests came in the way of a closer relationship with this country. This difference of approach was most perceptibly obvious on issues like American arms aid to Pakistan and India's attitude on Afghanistan.

Mrs Gandhi explained Indian fears to Reagan who listened and reiterated his position that arms were given to Pakistan to face the threat from Soviet presence in Afghanistan. Significantly the Americans did not offer even an eye-wash type of guarantee to India over the danger of such weapons being used against this country.

During her subsequent encounters with the media Mrs Gandhi struck hard at those who were accusing India of following 'double standards' by atoning Soviet presence in Afghanistan and condemning at the same time Israeli aggression on Lebanon and genocide of the Palestine.

One wished that the topic of concessional aid had not been raised. It would have saved both sides considerable embarrassment. However, one could take solace from the fact that Mrs Gandhi had raised the question essentially as a Third World leader interested in North-South economic cooperation. Americans ruled out any prospects of increase in bilateral aid. Their at-

itude towards the soft loans from the IDA also remained that of unchanged opposition to any concessions being given to a country like India, whom they consider developed enough to afford loans on commercial rates of interest from the World Monetary Market.

The Prime Minister did not press the matter, but pointed out hazards involved in market bor-

rowing such as the tremendous inflationary pressure they could unleash in Indian economy.

Dealing with economic policies in a broader context, Mrs Gandhi stood her ground. Care was also taken to reinforce the point that the so-called policy of 'economic liberalisation' has its limits. Talking to American businessmen in Washington on 30 July, Mrs Gandhi made it clear

that 'liberalisation' was meant only for attracting investment in the field of high technology and investment in much-needed sectors like oil, energy and power generation. India was not interested in foreign capital for consumer industries. Neither could there be much scope for dilution in the basic concepts of 'planned economy', she told her hosts on several occasions. This blunt talk leads to an inevitable conclusion; contrary to a wide-spread expectation, there is little hope of any appreciable American investment in India in the near future. In the words of 'Wall Street Journal' "Indian economic policies have shown little attraction for American investors".

Much of confusion on the announcement regarding Tarapur agreement could have been avoided if there had been a proper directional briefing from the Indian side. India continued to treat the whole affair as a closely guarded secret, in spite of at least three leaks from the American side before the announcement. A little-noticed remark of Mrs Gandhi to Washington Post, for example, showed many hurdles were yet to be crossed for the final implementation of the Tarapur accord. The Prime Minister described the accord as 'an incomplete agreement'. As became evident from the different briefings given separately by the American and Indian spokesmen, soon after the agreement was announced, matters yet to be settled relate to the question of reprocessing of the spent fuel. India insists on complete right to process it. The United States, according to the 1963 treaty, can discuss the matter but not veto India's decision.

However, following the clarification by the French Foreign Minister on Sunday in New Delhi, the question of reprocessing of the spent fuel appears largely to have been settled in favour of the Indian stand.

The substance of the agreement showed that it was more a face-saving formula for American than for India. It is the Reagan Administration which had to find a way out through France to keep the agreement going and yet avoiding a censure from the Congress. India practically conceded nothing.

There was some discussion during high-level Indo-American talks on various topics of common--although not bilateral--interest. The situation in the Gulf was discussed as also the Israeli aggression on Lebanon. According to Indian sources, during the discussion on Iran-Iraq war, both sides strongly emphasised the need for what President Reagan had said in his welcome speech, an honourable and just end to the Iran-Iraq conflicts.

I learnt that discussions also took place on the possibility of some mediation leading to peace. Both sides took serious note of the continuing inflexibility of Iranian side making any efforts for mediation almost impossible.

About Lebanon, Mrs Gandhi stressed the need for recognition of the rights of the people of Palestine which provides the key to the West Asian problem. She stressed the point that PLO chairman Yasser Arafat appeared a moderate leader, who could give a positive direction towards a peaceful and political solution of the West Asian problem.

Significantly, while in New York and Washington, Mrs Gandhi had strongly, though obliquely, hit against religious fanaticism as being preached by Khomeini in Iran, without naming Iran directly, Mrs Gandhi told a leader of Indian Muslims in America that the so-called fundamentalism being preached by some self-styled Islamic revolutionary leaders in some foreign countries would gravely harm the interests of Indian Muslims.

While non-official America showed widespread admiration for Prime Minister's bold stand on the Israeli aggression, the Reagan Administration remained non-committal. Washington obviously does not want a role for India in West Asia. Nevertheless, Mrs Gandhi's views on Lebanon and Palestine were given large publicity. As Mohammad Hamudi, editor of "the Third World Daily News", Washington, told this reporter, "it was refreshing to hear a Third World leader to stand up and tell the Americans certain home truths at their face". All this will have implications for long-range impact of the visit.

A few important gains need to be noted carefully. Basically, the visit proved a re-assertion of India as a power of consequence in the Indian Ocean region and an authentic spokesman of the nonaligned community. Secondly, through Mrs Gandhi's pronouncements on issues like the Zionist aggression on the Lebanon and support for the Palestinian cause, India emerged as the most important exponent of the Third World causes.

[17 Aug 82 p 2]

[Text]

IN the light of what the Prime Minister told her American hosts on so many occasions, it would be absolute nonsense to think that there has been any change in Indian foreign or economic policies. On every occasion Mrs Gandhi made it more than obvious that although she was aiming at enlarging areas of agreement, there was no question of making any fundamental change in policies concerning foreign relations or economic set-up in India.

Mrs Gandhi for example told an audience of Indian community leaders, with American Ambassador Barnes sitting next to her, that "it is not India which

has been anti-America and pro-Soviet. Rather, America has consistently been anti-India". She pointed out, that while right from the forties the Soviets supported us on every issue in the UN, the record of American voting was consistently anti-Indian on every problem in which India was involved". It needed the guts of Indira Gandhi alone to say such things so firmly and bluntly to her hosts.

I emphasise this point with a view to guard against a very insidious campaign of disinformation being unleashed by Western media and unwittingly being somewhat accepted by a section of the Indian Left that India is

indeed changing her policies. Anyone who has kept a track of Mrs Gandhi's pronouncements would dismiss this as sheer nonsense.

There is considerable speculation as to the reason why the American Administration encouraged widespread leaks in a section of the American press with regard to the possibility of India buying large arms from the United States. According to the Deputy Secretary of State, Mr Stoessel, who had briefed Indian and American newsmen two days before the Prime Minister's visit, America was willing to sell a wide variety of arms to India including an unspecified number of F-16 aircraft. If India wanted, an American company could consider the manufacture of F-5 and F-6 aircraft in India itself. This rumour-mongering had received a prompt rebuttal from the Prime Minister. In spite of that the American media—obviously under official inspiration—continues with their kite-flying with regard to possible purchase of arms by India. Three reasons could be offered for this exercise in disinformation.

First, it was meant to show that India was being unreasonable in objecting to arms aid to Pakistan. If India wanted, it too could have such weapons. Secondly, this rumour-mongering had a long range commercial angle. American arms industry is facing a recession and wanted to attract at least some other customers by publicising that India was interested in them. Thirdly, this canard was aimed at creating Indo-Soviet misunderstandings and showing that India wants to switch from Soviet weapons which are supposed to be inferior. The Prime Minister, however, bluntly said that India was fully satisfied with the quality of Soviet weapons and that according to Indian experts the debacle of Syria was not due to the inferiority of the Soviet arms but because of other factors.

A major gain of Mrs Gandhi's visit to the United States has been the establishment of a very healthy and welcome direct rapport with the Indian community in that country. Indians in the

US are becoming increasingly important, influential and affluent. They could constitute not only a potential pressure group for India, but may also be a source for considerable investment for Indian development plans. According to a conservative estimate by an overseas Indian study group, from North America alone Indians could invest a minimum of 1.5 billion dollars in India's development.

The contacts with immigrants, especially the Punjabis, helped to burst the Khalistan bubble. It became obvious from the overwhelming reception the Sikhs gave to Mrs Gandhi that secession has no roots in the predominant section of the Sikh community. In Washington and New York hundreds of patriotic Sikhs cheered the Prime Minister. At New York, constant shouts of 'Jo Bole So Nihal Satsri Akal' rented the air, at a Gurdwara she visited. B S Sidhu, president of Sikh Council of North America, spoke strongly, stressing that the Sikhs in America are for Indian unity.

The visit also helped to bring the best of India come face to face with a very large and influential section of American public opinion, as represented by leading scientists, doctors, technocrats, writers, intellectuals and media heads. As distinct from the attitude of the American Administration, this section of the enlightened American opinion, representing the 'other America' appeared highly appreciative not only of 'the charisma' called Indira Gandhi but also of the policies and performance of India as a nation.

This evoked tremendous interest in American media. During a period of less than eight days, Mrs. Gandhi appeared on three major Television networks, ABC, NBC and the CBS. She was front page headlines for prestigious newspapers like, New York Times, Washington Post and the Christian Science Monitor. She had been in the prime news when all current attention was claimed by Lebanon.

Commenting upon Mrs Gandhi's performance on the media, especially on her debut in the Na-

tional Press Club luncheon, Miss Vivien Weinberg, president of the National Press Club, told this writer during a chat "No world leader in recent times has impressed so many Americans, especially the media people as Mrs Gandhi has done. I have presided over the performance of many leaders of world stature but never before found a speaker so confident, so relaxed and so clear. I am a Gandhi fan from now onwards. "With this performance in the Press Club and on Television, if Mrs Gandhi were to fight a Presidential election in America, she would win hands down beating any of her adversaries". What a compliment!

To sum up, Mrs Indira Gandhi's journey to the United States was indicative of the fact that India had regained its key role in world affairs—a position it had somewhat but gradually lost since the Chinese aggression in 1962. The visit helped to provide a focal point to the Third World dialogue with the mightiest power of the capitalist world—the US. It also gave a tremendous boost to India's prestige as a stable and a reasonably advanced industrial power. The decision to establish an Indo-American Blue Ribbon Panel of Scientists and Technologists could bring to India some substantial gains of high technology in the field of agriculture, medicine and energy. Above all India was able to be projected as a power to be reckoned with in the American eyes—no meagre gain.

Lastly, a word about the unparalleled strength of stamina this 'shy' woman displayed while in America. This prompted an American official to comment "This is the most hectic schedule any foreign leader has had in recent years". A quick calculation would show her average working day to be not less than twenty hours. Yet she found time for theatre, to go to a famous Department Store for shopping and have a session with the hairdresser at Carlyle Hotel. The day is apparently much longer—may be of thirty hours for Mrs Gandhi!

ANALYST GIVES BACKGROUND TO GANDHI MOSCOW VISIT

Madras THE HINDU in English 22 Aug 82 p 2

[Article by G. K. Reddy]

[Text] IN the merry-go-round of Delhi's diplomacy, the euphoria generated by the Prime Minister's recent visit to the United States has started fading into distant memory, since the focus has shifted to her forthcoming trip to the Soviet Union. The preparations for the Moscow safari are proceeding briskly to make it an equally important landmark in providing the missing perspective in the conduct of foreign relations.

The balancing act is going to be performed with great delicacy in the after-glow of Mrs. Gandhi's successful U.S. visit, to avoid the impression of any undue concern for Soviet susceptibilities, while taking care to dispel the prevalent feeling in Moscow of a perceptible tilt towards Washington.

A good deal of attention is being given to what she will be saying in Moscow, both during her private talks with the Soviet leaders and in her public pronouncements, about India's current policies and perceptions with particular reference to the efforts under way to improve relations with the U.S.

Main Thrust

The whole accent is on making it known to both Moscow and Washington, as politely and firmly as possible, that in seeking an equally beneficial relationship with the two superpowers, India has no intention of leaning unduly on either of them. The apparent success she achieved in getting this message across to the Reagan administration has encouraged Mrs. Gandhi to make a similar attempt to put Indo-Soviet relations on a more realistic foundation free from false expectations.

The main thrust of Indian diplomacy at present is on maintaining a credible degree of parallelism in the country's relationship with the U.S. and the Soviet Union in pursuit of its enlightened self-interest without getting involved in their power rivalries in the region.

An important aspect of Indo-Soviet relationship is that it has not been hampered frequently by the same sort of tormenting ups and downs that have become

a painful feature of Indo-American relations. After a rather slow and cautious start, the two countries have been able to establish a pattern of co-operation that has steadily grown and stood the test of time over the last three decades.

But it has also reached a plateau that leaves little scope for any further strides without altering the basic character of this relationship, or impinging on the freedom of action of either side to strive for greater flexibility in their dealings with third countries without detriment to each other's interests.

Dependable Friend

The two countries certainly have moved a long way from the uneasy relationship of the Stalinist era through the high noon of the Khrushchev interregnum to the more enduring Brezhnev phase in both deepening and widening Indo-Soviet relations. The vagaries of American policies have made India increasingly dependent on the Soviet Union for its economic development as well as defence.

It has proved to be a dependable friend in difficult times when India had to contend with mounting pressures, whether it was on Kashmir or Bangladesh, leaving the country with very few active supporters even within the non-aligned community in the face of the Islamic fraternity's bid to back Pakistan.

The climax was reached in 1971 with the signing of a friendship treaty under the shadow of an impending war with Pakistan. It helped to frustrate the attempts of Mr. Nixon and Dr. Kissinger to brow-beat India with their overt manifestations of support for Pakistan. It also served as a deterrent against a possible Chinese involvement in the conflict in those difficult days, when India was faced with a formidable combination of adverse factors posing the most serious challenge to its capacity for crisis management.

But what is really significant in this context is that, in leaning heavily on Soviet support in these circumstances, India did not allow itself to become a prisoner of this friendship treaty by allowing Moscow to acquire any additional leverage in dealing with it. On the contrary, Mrs. Gandhi lost no time in making it known to all concerned that the treaty was a historic event that served its particular purpose without leaving behind a legacy of special obligations.

It is not generally known that Moscow mooted the idea of a treaty of peace, friendship and cooperation as far back as 1967 more or less on the same lines as the one signed with Egypt. Though she was under the spell of the radical groups within the Congress party and was dependent on the support of the two communist parties in Parliament for the survival of her government after the Congress split, Mrs. Gandhi did not respond to the Soviet overtures because she felt that there was no justification for signing such a treaty which would be mistaken for a virtual abandonment of non-alignment. She relented only when she realised that the U.S. was bent on supporting Pakistan during the Bangladesh crisis even in the face of adverse world reaction.

Unmistakable Threat

The real culprit who unwittingly forced India into this treaty was Dr. Kissinger who during his brief stop-over in Delhi in July, 1971, on his secret visit to Beijing through Pakistan, held out a veiled threat at a private luncheon with Mrs. Gandhi's advisers that India should not count on the U.S. to come to its rescue if it got into a scrap with China over Bangladesh in the event of another war with Pakistan.

When the news of his dramatic trip to China broke two or three days later, India took the implied warning of Dr. Kissinger as an unmistakable threat with an ominous ring because of the U.S. tilt towards Pakistan. It was against this background that Mrs. Gandhi took the plunge and decided to sign a treaty with Moscow as an abundant precaution against possible Chinese intervention.

After the war was over without any Chinese involvement, the Soviet Union grossly misjudged the Indian mood in trying to give an extra dimension to this treaty relationship by treating this as the very basis of all Indo-Soviet cooperation. Though India did not bite this bait, Moscow persisted in the attempt by pretending that the treaty had given new legitimacy to its overt and covert efforts to lend full support to the pro-Soviet elements in the country in the name of consolidating Indo-Soviet friendship and cooperation. It went on orchestrating the blessings of this treaty much to Mrs. Gandhi's chagrin, little realising that it had already become an anachronism after outliving its relevance.

Treaty Obligation

A new element of disenchantment crept into the Indo-Soviet relationship as Mrs. Gandhi parted company with the communists in domestic politics and started openly assailing them. But Moscow continued to pretend much to her embarrassment that, despite this break between the ruling Congress and the communists, Indo-Soviet relations remained as close as ever at the State level imposing a mutual obligation to sustain it in the true spirit of the treaty of friendship and cooperation. After the imposition of the Emergency, the Soviet Union went out of its way to justify this extreme step and in the process denounce all those opposed to Mrs. Gandhi as agents of imperialism.

The way the Soviet bloc countries went about orchestrating their support for Mrs. Gandhi's emergency regime gave the impression that Moscow was advancing the doctrine of a treaty responsibility to back the established leadership of the country and prevent its enemies from undermining the special relationship with the Soviet Union. The ominous implications of this interpretation became evident much later after Moscow began justifying its military action in Afghanistan with the theory of protective intervention as part of its treaty obligations.

After the 1977 elections, the Soviet Union no doubt realised the monumental folly of getting mixed up in India's internal politics, giving an anti-Soviet edge to the criticism of some of the opposition parties which deeply resented Moscow's unabashed espousal of Mrs. Gandhi's interests. But it continued to

harp on the over-riding importance of the treaty relationship even after the Janata came to power, with the result that India refused to accept the earlier formulation "on the basis" of the treaty in the references to it in joint communiques.

The Soviet Union was left with no choice except to accept the alternative formulation of "in the spirit" of the treaty in all subsequent documents, since it was told in no uncertain terms that there would be no mention at all of the treaty if Moscow insisted on retaining the earlier expression.

It remains to be seen whether an attempt will be made by Moscow to revert to the old position during Mrs. Gandhi's visit if only to test the degree of her commitment to the concept of a special Indo-Soviet relationship even in the light of her latest attempts to balance it with an improved relationship with the U.S.

But otherwise Indo-Soviet cooperation has increased considerably in recent years in almost all spheres. Despite India's policy of diversification of its arms purchases, the country is much more dependent now on Soviet supply of defence equipment.

In the economic sphere too, the relationship is much wider now than at any time in the past. It is primarily in the political field that some reservations have developed between the two countries, with Moscow making no secret of its misgivings about India's bid for normalisation with China, besides viewing with concern the latest moves for better understanding with the U.S.

A Catalyst

It is the Afghan episode that has acted as a catalyst in bringing the Indo-Soviet differences into the open. Though India has not condemned the Soviet action, it has also not condoned it even in giving Moscow the benefit of doubt. If Moscow could justify what it did in terms of its treaty obligations, it is not surprising if India has become a little uneasy about the implications of its own relationship in the long run, although there is no cause for any apprehension that a similar situation could arise in the foreseeable future.

The Prime Minister's first visit to Moscow after her return to power in 1980 provides a good opportunity for her to take a fresh look at the totality of the Indo-Soviet relationship free from any soapy sentimentality or false expectations. If this exercise is conducted with the necessary imagination, it could pave the way for the emergence of a more realistic relationship that would be more lasting and much more beneficial in the long run.

And India should not shut its eyes to the reality that the present generation of Soviet leadership with its roots in the revolution will disappear soon and the new ones that would be at the helm are men with relatively less interest in the Third World. Since they have been trained to cope with the dynamics of superpower politics with Europe as the main centre of confrontation, it is both possible and realistic to strive from now onwards for a new pattern of understanding and cooperation that would be quite compatible with India's regional responsibilities and national interests.

DEFENSE MINISTER ANSWERS QUESTIONS IN LOK SABHA

Madras THE HINDU in English 14 Aug 82 p 6

[Text]

NEW DELHI, Aug. 13.

Mr. R. Venkataraman, Defence Minister, told the Lok Sabha during question-hour today that the Government of India was "closely studying the lessons from the Falklands war and the West Asia war (in Lebanon)". "In fact, we have asked our experts to go into various aspects of the war which has just taken place", he added.

The Defence Minister was replying to a question from Dr. Subramaniam Swamy who asked whether the Government had done any analysis of the Falklands war and the performance of the French Exocet missile (used by Argentina against Britain). He also wanted to know whether the Government had taken note of reports that the F-16 had brought down 40 MIG-23 aircraft.

Mr. Venkataraman said, "I take the information given by the member (that the F-16 brought down 40 MIG-23's). I take it because I take information from several persons, whether it is right or wrong, good or bad. In other matters I may not take all information but in defence I have to do it".

Pakistani capability: Earlier, replying to a question from Mr. K. Mallanna and Mr. Mohd. Asrar Ahmad, seeking the Government's reaction to a press report that Pakistan had started manufacturing long-range, high-altitude rockets and acquired sophisticated facilities for launching, monitoring and even destroying them in flight, the Defence Minister said, "Whether Pakistan has got all these weapons or not we cannot officially confirm or deny. We have information that they (Pakistan) are having long-range missiles and rockets, etc. There are reports of countries providing this kind of weapons to Pakistan. The Government monitors all developments impinging on our security for initiating appropriate measures to ensure full defence preparedness".

Mr. Venkataraman and Mr. K. P. Singh Deo, Deputy Minister for Defence, gave the following written replies to other questions:

The Government is aware that China has developed missiles of varying ranges.

The anti-tank missile project launched by the Defence Ministry was closed after completing user trials and incurring an expenditure of Rs. 28.72 lakhs. The project for developing a suitable mount was assigned to the Vehicles Research and Development Establishment (VRDE) after discussion by Army Headquarters with that establishment on the technical

nature of the project. It was later given up on tactical grounds which were not the concern of the VRDE and, therefore, had not been discussed with it. The project was sanctioned by the Government and executed by various defence research and development establishments and laboratories. It was monitored by a standing committee.

Modernising naval base: The Cochin naval base is being modernised and a new training establishment is being set up at the Cochin port. The project is expected to be completed during the next Plan period, 1985-90. Under this project, construction of a new jetty has been sanctioned. The work on the jetty has been delayed by labour unrest. As this is a long-term project, a clear picture of its final cost has not yet emerged.

An agreement was concluded on July 16 this year for the supply of four fast patrol boats by the Sumidagawa Shipyard of Japan for augmenting the force level of the coast guard. The agreement also provides for transfer of design and technology to enable Indian shipyards to construct similar boats.

There is a proposal for setting up a national test range facility in the coastal area of Balasore district of Orissa under the Department of Defence Research and Development. At present the Government has sanctioned funds only for setting up certain minimum facilities mainly on defence land already available around Chandipore. The estimated investment on the project is Rs. 150 crores.

Recruiting office incident: A staff court of enquiry has been ordered by the Station Commander, Trivandrum, to go into the incident at the branch recruiting office in Trivandrum on July 1, when recruitment of non-matric sailors (cooks and stewards) for the Navy had to be postponed because of the "unruly behaviour of the crowd".

Giving the details of the incident, Mr. Venkataraman said the recruiting officer, fearing that the crowd which had entered the building would ransack the main office, asked the police to clear the place and announced that recruitment for the day had been suspended. Police reinforcements reached the spot and normality was restored. There was no lathicharge and there were no reports of any injuries from the police action. Some persons were injured when a portion of the compound wall collapsed. One person was treated in hospital for a fractured toe.

IMASHEV SPEAKS AT FRIENDS OF SOVIET UNION SEMINAR

New Delhi PATRIOT in English 15 Aug 82 p 16

[Text]

Soviet Union Vice President Sattar Imashaev on Saturday said that his country was doing its best to defuse international tension.

He said the treaty of friendship, between India and the Soviet Union has become an effective instrument of global peace.

The Soviet Vice-President, who is also the President of Kazakhstan said that the treaty also exerted positive influence on the stabilisation of the situation in Asia.

Mr Sattar, who is on a visit to India said that it was important to note that the Indo-Soviet relations were based on development, mutual interest and non-interference.

Mr Sattar was speaking at a seminar organised by the Friends of Soviet Union on Indo Soviet Treaty of Cooperation Peace and Disarmament.

He reaffirmed the Soviet Union's stand in the United Nations and said that his country was aware of the important role of India for world peace, settlement of the West Asia crisis and easing tensions in the Indian Ocean.

Congratulating the people of India on the eve of the 35th Independence Day, he lauded Prime Minister Indira Gandhi for her policies of "common sense, realism and peace".

Soviet Indian Friendship Society presidium member Ivanov said that while his country was ready to negotiate on the problems of the Indian Ocean the "most aggressive circles of imperialism were intensifying their

attacks on detente, whipping up arms race and trying to revive the policy from a position of strength in world affairs".

While giving a call for a reduction of nuclear arms, Mr S Ivanov who is also the head of the Indian desk in the Soviet Union Foreign Ministry, said that the "Soviet Union was countering the policy of increasing international tension and of aggravating the threat of war with its policy aimed at preserving peace and detente.

Speaking on the issues of Afghanistan, Mr Ivanov said that the active political dialogue between New Delhi and Kabul and the development of trade and economic ties between the two countries would make a tangible contribution for improving the political climate in South-West Asia.

On the Lebanon crisis, Mr Ivanov said that a settlement could be there only with the withdrawal of Israeli forces from all occupied Arab territories and the recognition of the rights of the people of the Palestine.

Friend of Soviet Union president Nurul Hasan warned that peace efforts were absolutely necessary to avert a nuclear holocaust. Members of Parliament B R Bhagat and K Lakappa pointed out that the Indo-Soviet treaty of peace and friendship would meet the growing challenge of a global war.

Mr Satish Chandra said that the treaty has become more significant because of the war clouds hovering over Asia.

REVOLUTIONARY SOCIALIST PARTY CENTRAL COMMITTEE MEETS

New Delhi PATRIOT in English 17 Aug 82 p 5

[Text]

THE Revolutionary Socialist Party feels that in the present context when Mrs Gandhi has intensified her "authoritarian onslaught" on the toiling people and the non-Left Opposition parties are getting further fragmented, it has become imperative to build up Left unity as the pivotal force to fight Congress-I authoritarianism.

This is one of the main conclusions reached by the RSP Central Committee which met in the Capital on Friday, Saturday and Sunday with general secretary Tridib Chaudhuri, MP, presiding over the deliberations.

In a press release on the meeting issued by Mr Chaudhuri on Monday it was pointed out that the task of the united Left forces should be to secure support from other Opposition parties in this struggle against authoritarianism on the basis of the lead given by the Left.

Pointing to the party's consistent advocacy of Left unity as the 'main fulcrum of the struggle against bourgeois authoritarianism', the release said the RSP believed that with the election of Mr Zail Singh to the post of the President the 'danger of Mrs Indira Gandhi introducing dynastic rule through some type of Presidential form of Government has increased.' Simultaneously, the authoritarian onslaught on the toiling people's movement were being mounted through the ESMA

NSA, Industrial Disputes (Amendment) Bill and other contemplated anti-democratic legislations.

The Committee regarded the timing of Mrs Gandhi's visit to the US as 'extremely unfortunate' since it took place in the face of Israel's genocidal war on the PLO and Lebanon with the backing of US imperialism.

The visit was undertaken to ensure more credit from the US and the US-backed international financial institutions in order to face the acute crisis of the Indian economy and also to placate the US President with the assurance that the Indian policy of non-alignment has no tilt against the US. That explains the failure of the Indian Government to condemn US imperialism for the brutal aggression on Lebanon by Israel, US imperialism's military outpost in the Arab heartland with US weapons and financial support on a massive scale', the release noted.

The Central Committee has decided to hold the next national conference of the RSP in Kerala in September 1983.

CSO: 4220/7804

ANALYST DISCUSSES PROBLEMS OF NONALIGNED SUMMIT

Bombay THE TIMES OF INDIA in English 12 Aug 82 p 8

[Article by Inder Malhotra]

[Excerpt]

Govt. Cautious

Even so, a meeting at foreign ministers' level is an issue over which a via media between Cuban and Iraqi positions can surely be found. After all, the holding of a conference of foreign ministers at Baghdad, provided they agree to go there would confer no great benefit on Iraq. The holding of the summit would have made it chairman of the non-aligned movement for the next three years.

For its part, New Delhi cannot shirk the responsibility of hosting the summit though its official position still is that it can respond only if a formal request is conveyed to it by the entire movement by consensus. Perhaps South Block is being unduly cautious because of the talk in the recent past by some non-aligned nations that Bandung, where the newly liberated Afro-Asian nations first met in 1955, might be a good alternative to Baghdad as the non-aligned summit's venue.

As it happens, however, Iraq's views cannot easily be disregarded and it has made these known clearly and unequivocally. What is more, Iraq's preference for New Delhi is shared not merely by Cuba, the current chairman of the non-aligned movement, but also Iran, Iraq's inveterate foe which has relentlessly campaigned against the idea of the summit being held at Baghdad and threatened to organise a boycott of it in case the Iraqi government had stuck to its original plans. Also, it is no secret that before putting forward its proposal to shift the summit from Baghdad to Delhi, Cuba had consulted Yugoslavia, Algeria and some other leading members of the non-aligned movement.

Altogether there seems to be a

certain inevitability about the holding of the summit in the Indian capital though this would require a postponement of the great gathering so that the interval can be used to make the necessary arrangements which would be mind-boggling in their magnitude.

Strain On Resources

Last year when Mrs. Gandhi agreed to hold the next commonwealth summit in New Delhi in September 1983 it was calculated that at least two years will be needed to build the requisite infrastructure, including suitable accommodation for 44 heads of state or government and adequate security arrangements for them.

Now, in a matter of months — most non-aligned nations do not want the summit to be deferred beyond February — this country has to cope with an influx of nearly 130 heads of state and government because in addition the 94 members of the non-aligned club, nearly 40 observers and guests are also expected.

The strain that all this is bound to put on this country's resources, both human and financial, should be clear from the sad shortfall in the Asiad projects despite round-the-clock work on them on the one hand and on the other, from the simple fact that President Saddam Hussain has already spent a billion dollars on the arrangements for the now cancelled Baghdad summit.

It follows therefore that since New Delhi is taking over, at extremely short notice, the awesome responsibility of hosting the non-aligned summit, other members of the movement, especially those flush with oil money, ought not to stint this country of the help it will surely need.

To President Saddam Hussain it must have been a great wrench to have to abandon his plans to hold the non-aligned summit at Baghdad. At first he had refused to listen to those trying to persuade him to give up the idea of hosting the summit. In fact, as the pressure on him increased, he dug in his heels even more resolutely. In the end, however, he had the sagacity to let the wider interests of the non-aligned movement to override his own and his people's feelings.

He seems to have realised that his insistence on holding the summit as originally scheduled might create for the non-aligned the kind of fiasco that the OAU has encountered in its ill-advised attempts to hold a summit conference at Tripoli.

His emphasis on the need to preserve the non-aligned movement's unity and to hold the summit in conditions that would ensure its success deserves to be applauded, of course. But it is even more necessary that the summit should live up to the high expectation for the sake of which the Iraqi President has sacrificed so much.

Never before has the state of the non-aligned movement been so paradoxical as it is today. On the one hand, the phenomenal expansion of the non-aligned family is a measure of the movement's attraction to the third world countries and, by implication, of the enduring relevance of non-alignment. Only 25 countries were present at the first non-aligned summit at Belgrade in September 1961. Since then the movement's strength has shot up nearly four-fold, taking into account only the full members. On the other hand, however, the expanding size of the movement seems to have become its principal weakness.

This is so because rapid expansion by definition means dilution. Moreover, quite a few new entrants into the movement were, until the other day, active members of military blocs and firm believers in the Dullesian doctrine about non-alignment being immoral. How-

ever they alone are not responsible for importing into the non-aligned gatherings cold war attitudes and super-power rivalries.

Often enough even original members of the movement tend to tilt towards one super-power or the other because of the compulsions of their national interests, especially if they are involved in either bilateral disputes with other non-aligned countries or regional conflicts. And it is perhaps needless to add that the larger the non-aligned movement becomes the greater are the possibilities of its members being enmeshed in such conflicts, disputes and discords.

Amorphous Gathering

Above all, a large and amorphous gathering, consisting of diverse elements, all of which remain susceptible to big-power pressures, can sometimes achieve consensus only in terms of vague generalities or inane clichés.

With all these limitations, however, the non-aligned movement has stood the test of time. It has served the useful purpose of protecting and preserving the interests of the third world countries, individual and collective. There have even been occasions when it has succeeded in mitigating conflicts though it has been unable to eliminate them.

For instance, it was at the non-aligned foreign ministers' conference in New Delhi in February 1981 that a formula for a political settlement of the Afghan crisis, acceptable to both Pakistan and Afghanistan, was hammered out. Now, at long last, in pursuance of that formula, Islamabad and Kabul are talking to each other, albeit indirectly, under U.N. auspices.

In no other field, however, have the exertions of the non-aligned been more fruitful as in pressing the third world's case for a just international economic order or in seeing the sea law treaty through.

At a time when the conflict between the super-powers is sharpening by the day, the need for a strong, united and resourceful non-aligned movement is much greater than ever before.

MIZO, TRIPURA REBELS REPORTEDLY FORM LINKS

Calcutta THE STATESMAN in English 11 Aug 82 p 9

[Text]

AGARTALA, Aug. 10.—The Tripura Tribal Extremists Unit, "Army of the Tripura Peoples Liberation Organization" (ATPLO), has established a link with the outlawed Mizo National Front, according to the Chief Minister, Mr Nripen Chakraborti. He told the State Assembly yesterday that his Government was aware of the fact that the ATPLO was acting in collusion with the MNF.

Replying to a question earlier tabled by the ruling CPI(M) MLA, Mr Badal Chowdhury, the Chief Minister said, security measures had been tightened along the State's border with Mizoram. The Army had been kept on the alert to detect infiltration by MNF hostiles either into Tripura or the Mizoram areas. The State police and CRPF personnel were also guarding the area.

Mr Chakraborty said the situation along the border was peaceful and no incident had been reported since the MNF was banned in January.

He said additional security posts had been set up along the border. However, the State Government was not aware of the alleged conspiracy by some foreign backed agencies to liquidate some State political leaders, he said.

Replying to another question earlier tabled by the ruling

CPI(M) MLA, Mr Matilal Sarkar, Mr Chakraborti said: "We should not obey the Ordinance as promulgated by the Centre banning fresh issue of overdrafts to the States".

He said the Governments in the States were running the show with poor allocations and their capacity to borrow was very limited when the Union Government could easily take any amount of loans from anywhere. The State Governments had their fundamental need to borrow from the Centre according to their needs, he added.

Mr Chakraborti said Tripura's loan to the Union Government up to 1978 was around Rs 30.62 crores which had been increased to Rs 50.11 crores during the current financial year. The present year's interest on the Central loan to be paid by the State Government was around Rs 1.35 crores.

CSO: 4220/7788

DETAILS OF WEST BENGAL CABINET CHANGES GIVEN

New Delhi PATRIOT in English 24 Aug 82 p 4

[Text]

CALCUTTA Aug. 23.
WEST Bengal Governor B D Pande approved this afternoon the changes in some portfolios of some of the Ministers in the State. Chief Secretary S V Krishnan later told newsmen that the changes are effective from today.

Under the reallocation Minister without portfolio Kanai Bhowmick has been given minor irrigation, command area development and agro-industries corporation.

According to the changes, Mr Benoy Krishna Choudhury at present Minister for land, land reforms and land utilisation also gets the portfolios of panchayat, community development, NREP and the Integrated Rural Development Programme.

Mr Deba Brata Bandyopadhyaya who was in charge of panchayats and jails, now gets social welfare alongwith jails. Dr Kanai Lal Bhattacharyya will keep com-

merce and industries, public undertakings, and sick industries, but give up agro-industries corporation.

Mr Uani Bhattacharyya who has so long been holding health and family planning would be in charge of irrigation and waterways. Mr Kamal Guha retains agriculture minus minor and small irrigation and gets additional charge of rural water supply and sanitation.

Minister of State for social welfare Nirupama Chatterjee becomes the Minister of State for relief. The health department has been split into two with medical education, equipment and supplies. Calcutta medical colleges and attached hospitals going to Dr Ambarish Mukherjee and public health and health programme going to Mr Ram Narayan Goswami.

All the changes are in conformity with the agreement arrived at by the Left Front committee last week.

CSO: 4220/7819

EXTREMISTS SAID TRYING TO DESTABILIZE PUNJAB

New Delhi PATRIOT in English 24 Aug 82 p 2

[Editorial]

[Text]

ANOTHER act of air piracy and an attempt on Punjab Chief Minister Darbara Singh's life occurred on the same day. Whether these two outrages were orchestrated by the same coterie or happened coincidentally the same day, the events are taking a highly alarming course in North-West India. A small number of conspirators, backed by avowed secessionists who function abroad and their sympathisers who manage to remain concealed in the Punjab Government and the State police forces, are bent on committing acts of terrorism, assassination and communal provocation to destabilize Punjab.

The extremists are not even a substantial minority within the Sikh community: they are a small band of conspirators. Like all bigots and fanatics, they are taking recourse to violence to enforce their will on the community and the country. Their immediate aim is to internationalize the so-called demand for Khalistan and to exploit real and imaginary grievances toward that end. The conspirators do not hope to carry the people of Punjab with them. Their violent actions can make the situation in the region baneful. They can hurt the security of an area which is vitally important for the integrity and defence of India. The insurgency in the North-Eastern States has long been promoted with foreign training, arms, propaganda and sanctuaries. A similar pattern appears to be taking shape with the clear aim of subverting North-West India. This is the latest, not the only danger to the stability and integrity of our country. Destabilisers of all hues will come together when the situation favours their nefarious objects in the region. Those engaged in power politics in Delhi and Chandigarh are disinclined to see the totality of background of the happenings in Punjab. They sometimes mendaciously—explain these events as the fallout of factionalism in the Punjab Congress(I). This may well be a good talking point against the Congress(I).

but it is only a pervers~~e~~ explanation of what is taking place in Punjab. What is unfolding in the State is more serious than what concerns the personal fortunes of office-hungry politicians. The Centre's response in the face of the grave Punjab situation is patently inadequate. Central leaders often express disapproval of the inadequacy of the steps taken by the Darbara Singh Government against extremism. But, if their response is really serious, they must step in and show how the Government should contain the spreading rot, with or without the present Chief Minister in office. The Akali(L) leaders say that they do not endorse the demand of Khalistan or extremism. But their public postures are ambivalent, to say the least. They are loud in protests against "police atrocities" but curiously silent when extremist and communal elements perpetrate outrages. They have done little to remove extremists from the institutions run by the Akali-controlled SGPC and the premises of holy shrines. The current spurt in terrorism appears to be dictated by two related concerns of extremist leaders. There is a conspiracy to demonstrate, by violent and provocative actions, that Giani Zail Singh as President of India can make no difference to the Khalistan agitation. Alongside is the extremists' plan of retaliation ostensibly in response to the recent action taken by the Government against some followers of Sant Jarnail Singh Bhindranwale and the leaders of the Sikh Students Federation.

The crisis developing in North-West India cannot be contained without firm political and police actions. If the Longowal leadership is serious in its stand against terrorism and secessionism it should make its position clear and not continue the present obfuscation in the hope that the Akalis will ultimately gain from the deteriorating situation in Punjab. On its part the Congress-I leadership should seek cooperation of all secular elements and the sober sections of the Akalis.

NUMEROUS JOINT INDO-ARAB VENTURES PLANNED

New Delhi PATRIOT in English 24 Aug 82 p 3

[Text]

ABU DHABI, Aug 23 (UNI). SEVERAL Indo-Arab joint ventures are taking shape, thanks to the recent liberalisation of investment rules in India.

Among the ventures which have been finalised or are nearing finalisation are projects relating to steel, aluminium, cement, motor spare parts, tyres, silver refining, computer components, sulphuric acid and solar energy equipment.

A number of other proposals were under discussion between the prospective Arab investors and Indian businessmen and authorities.

According to West Asia director of the Indian Investment Centre (IIC), S A T Rizvi, businessmen involved in these ventures belonged to all the Gulf States. In some cases, the projects would be set up in India. Negotiations were also underway for joint projects in third countries.

The financial outlay for each project varied and, in some cases, the businessmen concerned did not want the extent of their participation known due to competing interests, he said.

Mr Rizvi said that under instructions from Prime Minister Indira Gandhi, the IIC had geared itself to help foreign investors, including overseas Indians, and that efforts were continuing to speed up the clearance procedures.

IIC chairman Harbans Singh in his capacity as a member of the Foreign Investment Board of the Finance Ministry and the Project Approval Board of the Industries Ministry, also tried his best to expedite the clearance.

Giving details of the projects, Mr Rizvi said in Bahrain, different parties were setting up cement and steel plants with expertise from India. Another venture related to sulphuric acid production with the technical assistance

of a Bombay firm while still another was for the production of computer components at the Santa Cruz electronics export processing zone by the Al Moayyed International of Bahrain.

A number of other proposals were being discussed between leading businessmen of India and Bahrain, he said.

One of the proposals from UAE businessmen was for setting up an animal farm in India. The Government was likely to approve it soon and allot a suitable piece of land. The project would include cattle breeding and meat processing, mainly for export.

Other offers included a fabrication unit for support facilities at the Vizag Steel Plant and a hotel-cum-hospital in Hyderabad to cater to the visiting Arabs.

The hospital project envisages 50 specialised departments equipped with latest facilities. The estimated investment from the UAE was more than Rs 14 crores.

Another UAE proposal envisages bringing Indian manpower and technicians to set up a complex for manufacturing bulbs, tubelights, motor car mufflers and consumer goods.

The complex would be set up at Jebel Ali, near Dubai.

A leading Kuwaiti businessman, Mr Essa Al Bahman, has plans to set up export oriented tyre factory and the proposal, now before the Department of Economic Affairs, was likely to be cleared soon.

Projects were also being set up by overseas Indians in Kuwait for ripographic paper, polyester zippers, and a number of other items.

Similarly, some overseas Indians were setting up a motor spare parts factory in Tamilnadu.

From Qatar, a leading businessman had entered into a hotel venture. The hotel was under

construction near the international airport Bombay.

Negotiations were also on between Kuwaiti businessman and his Indian counterpart for a cement project in India.

Mr Rizvi said some projects had already started production but their Arab partners did not want their participation to be known to avoid competition.

He said several projects for Saudi Arabia were under negotiations. Two agreements had recently been reached one to manufacture solar energy equipment with the help of an Indian company and the other to set up a chain of three silver refineries to extricate the white metal from industrial wastes.

The silver refining project envisaged refineries at Damman, Jeddah and Riyadh to yield daily a total of about 225 kg silver. The ten-year contract also covers supply of semi-precious and other stones from India and about 200 technical personnel for manufacturing jewellery.

CSO: 4220/7819

MEETING OF INDIAN, JAPANESE BUSINESSMEN REPORTED

Calcutta THE STATESMAN in English 13 Aug 82 p 7

[Text] NEW DELHI, Aug. 12--A number of agreements on joint tendering and sub-contracting between Japanese and Indian companies are expected to result from a two-day conference held between business men from the two countries in Tokyo last week.

Following what is said to be the most successful conference of its kind, many Indian firms have reported that they held serious discussions on specific collaboration contracts in various sectors of the engineering industry for projects in regions like West Asia, South-east Asia, North Africa and East Africa.

The conference was attended by 125 Japanese companies represented by 285 delegates and 110 Indian companies represented by 145 delegates. Also present were Indian commercial representatives from various developing countries where joint Indo-Japanese ventures could be launched--Thailand, Malaysia, Indonesia, Philippines, Australia, Sri Lanka, Iraq, Saudi Arabia, Egypt and Nigeria.

The Commerce Minister, Mr Shivraj Patil, who took part in the conference, reminded the Japanese Government and industry that despite a mounting trade deficit and difficult foreign exchange situation, India had maintained its policy of import liberalization for upgradation of technology, especially to reduce costs, save energy and maximize output.

He pointed out that as a result of this policy, imports from developed countries, including Japan, had shown sizeable growth and it was natural to expect that these developed countries should also import more from India.

Mr Patil explained that there was a truly favourable climate for higher foreign investment in India in view of the liberalization of the industrial policy and the large investments envisaged in the sixth Plan.

India looked forward, he said, to greater collaboration with Japanese companies in setting up industrial projects in this country, particularly, in the free trade zones and 100% export-oriented projects.

The Japanese Minister of International Trade and Industry, Mr Shintaro Abe, who inaugurated the conference and had a separate dialogue with Mr Patil, pointed out that Japan's interest in collaborating with India was evident from the fact that over 200 Japanese industrialists were participating in the conference. This was the first meeting of its kind in Japan.

The Minister of Construction, Mr Shiseki, said that Japan's overseas activities in the field of construction had been very active over the last few years. The export value of such constructions, which was 500 billion yen the year before last, had reached 800 billion yen last year.

During the conference, Indian delegates pointed out that as a follow-up of the conference, it might be necessary to arrange a visit to India by a delegation of selected and interested Japanese representatives of industry.

It was felt that if the two countries with their respective advantages could combine, it would throw open considerable opportunities in many parts of the world where, with increasing earnings from petroleum products, large development programmes had been launched.

The Engineering Export Promotion Council, which organized the Tokyo conference, also signed a protocol with Japan's Machinery Exporters Association early this week. The protocol will govern cooperation between two countries in the third countries in the field of construction and was the first follow-up measure after the two-day conference held last week.

It will provide an institutional base for such collaboration. Under this arrangement, the two associations will act as "nodal agents" to collect the information on opportunities in third countries which will be exchanged with each other.

Senior officials of the Government of India and the exporters had a separate meeting with Japan chamber of commerce and industry this week in Tokyo to consider ways and means of increasing and diversifying Indo-Japanese trade and economic cooperation.

CSO: 4220/7791

INDIA-CHINA SOCIETY INAUGURATED IN DELHI

Calcutta THE STATESMAN in English 13 Aug 82 p 6

[Text] NEW DELHI, Aug. 12--Members of the Cong (I) were at the fore at the inauguration here yesterday of the India-China Society, that pledged itself "to friendship between the two great people" as being the right step "in the direction of permanent peace in the world".

The Congress (I) had earlier taken the initiative to set up societies for friendship with the people of the Soviet Union and East Germany with the aim to taking over such movements from the Leftist organizations. This is facilitate functioning of Congress (I) men rather than being obliged to operate through the Left-dominated bodies like the Indo-Soviet Cultural Society, the All-India Peace and Solidarity Organization or the Indo-China Friendship Association.

The India-China Society, also called "an Association of Friends of China", was inaugurated in the presence of senior Congress (I) leaders. They included Mr B. N. Pande, M.P., a former president of the Uttar Pradesh PCC(I), who is writing the Congress Party's history for its centenary and is the president of the society, Mr S. S. Mohapatra, M.P., its Secretary-General, Professor N. G. Ranga, Mr Ram Niwas Mirdha, M.P., Vice-President, Mr. Lokesh Chandra, M.P., another Vice-President, Mr Srikant Varma, M.P. AICC(I) publicity chief, Dr Sankar Prasad Mitra and Mr V. N. Dalmia, Treasurer.

Some M.P.s of other parties who are associated with the society are Mr R. Ramakrishnan, Vice-President of the ADMK, and Mr Manubhai Patel, M.P., General Secretary, and Mr Subramaniam Swamy, M. P. (both of the Janata Party). Mr Kamalapati Tripathi, the veteran Congress leader, presided over the meeting and Professor Ranga inaugurated the society.

Speaking on the occasion, the Chinese Ambassador, Mr Shan Jian, said "we are happy that inheriting the spirit and thought of Pandit Sunderlal, Mr. B. N. Pande and friends present here have formed this new society which will definitely promote the further development of the friendship between China and India".

He said that with a view to improving Sino-Indian relations and settling the boundary disputes left over by history, the Chinese Government has

consistently adopted a positive and forward looking attitude and stood for a negotiated, fair, reasonable and comprehensive settlement while treating each other as equals and taking into account the historical background, the present situation and the national feelings of the two peoples. During the two rounds of talks held in Beijing and New Delhi, the two sides discussed some guiding principles and methods related to the settlement of the issue.

The two sides felt that the talks were helpful to explore as settlement of the border issue. The Chinese Government is always of the view that an appropriate solution to the border issue can be reached as long as both sides have the sincerity and are free from outside interference and sabotage and strictly adhere to the five principles of peaceful co-existence.

CSO: 4220/7791

SUMMARY OF INDIAN-MONGOLIAN JOINT COMMUNIQUE

Bombay THE TIMES OF INDIA in English 16 Aug 82 p 9

[Text] NEW DELHI, August 15 (UNI)--INDIA and Mongolia today called for a constructive dialogue between the states of Indo-China and ASEAN to restore stability in south-east Asia.

In a joint communique issued at the end of a four-day visit to India by Mongolian foreign minister, Mr. Mangalyn Dugersuren, the two countries hoped the countries of the region would be able to overcome their outstanding differences without outside interference and return to conditions of peace and stability.

The communique said Mr. Dugersuren's talks with President Zail Singh, Prime Minister Indira Gandhi, vice-President M. Hidayatullah and external affairs minister, Mr. P. V. Narasimha Rao, revealed that the views of the two sides on a wide range of issues were either identical or convergent.

In their review of the international situation, the two foreign ministers expressed grave concern over the growing nuclear danger and stressed the need for all states to make vigorous efforts to spread the movement towards detent to all parts of the world.

Nuclear Stockpiling

Also, the countries should undertake genuine measures of disarmament, strive to prevent a nuclear catastrophe and identify the search for lasting peace and stability.

They hoped the Soviet Union and the United States would be able to reach mutually acceptable agreement to limit and reduce the production and stockpiling of arms, particularly nuclear weapons.

About the situation in Lebanon, the two sides reiterated the demand for an immediate ceasefire and unconditional withdrawal of Israeli forces, and underlined the need to respect the rights of the Palestinian people to their own state.

Both the sides hoped that the war between Iran and Iraq would soon end. Mr. Rao apprised Mr. Dugersuren about the non-aligned efforts to bring about a negotiated settlement.

On the Afghanistan issue, they hoped that conditions of peace and security would soon be restored through a political solution based on the full respect of the right of the Afghan people to decide their own destiny.

The two sides also supported the just struggle of the people of Namibia and South Africa against colonialism, racial discrimination and apartheid. They confirmed their adherence to the U.N. resolution declaring the Indian Ocean a zone of peace.

The Mongolian side expressed satisfaction of the positive role played by India in the non-aligned movement.

Both sides expressed satisfaction that their relations were developing successfully in various fields and reiterated the commitment of their governments to strengthen and expand cultural, trade and other exchanges.

CSO: 4220/7799

ANALYST DISCUSSES FUTURE OF INDIAN-U.S. RELATIONS

Madras THE HINDU in English 15 Aug 82 p 2

[Text]

AFTER the Prime Minister's return from her well orchestrated visit to the United States, there is little evidence of any serious follow-up activity to sustain the momentum of high expectation with concrete steps capable of promoting better understanding and closer cooperation. There is, on the contrary, a noticeable lull with neither side knowing what to do next to keep up the atmosphere of anticipation, without arousing undue hopes that might be dispelled by subsequent developments.

The two countries are, therefore, inclined to proceed rather warily, making no attempt to achieve a break-through all at once, if only because of the apprehension that any hasty step taken even with the best of intentions could lead to an abrupt lurch back to mutual recrimination.

Those who have worked hard for the success of Mrs. Gandhi's visit see no great advantage in trying to hasten the process of reconciliation in the after-glow of it, before the two countries are ready politically and psychologically for the next phase of rapprochement.

Conflicts of interests

The well scripted articulation of Mrs. Gandhi's views on various issues, no doubt, helped to assuage the U.S. misgivings about some of her policies and actions, but the gnawing doubts in both Indian and American minds about the ability of the two countries to evolve a pattern of relationship that can stand the test of time continue to condition the thinking in Delhi and Washington. Despite the balmy talk of shared democratic values, there are many basic conflicts of interest that can be overcome only through a balance of concessions in a spirit of accommodation.

It is necessary to reconcile the U.S. global concerns with India's regional interests to avoid a conflict of purpose in the pursuit of their respective policies, whether it is in relation to Pakistan and Afghanistan, West Asia and the Indian Ocean, or China and the Soviet Union. There are also issues like nuclear non-proliferation, North-South dialogue, the law of the sea and uses of outer space on which the two countries could agree to disagree without detriment to their bilateral relations, until the

international community is able to face such problems with the requisite resolve to find universally acceptable solutions.

Continual dialogue

For the time being, India and the U.S. have to concentrate more on establishing a durable working relationship, based on some degree of mutual respect for each other's policies and tolerance of differing opinions, for enlarging the spheres of accord without widening the areas of discord. There is need for a continual dialogue at different levels to create a better awareness of each other's approaches to various developments, so that the two countries do not automatically cast themselves in adversary roles.

The Prime Minister's visit certainly has helped to set the tone for shedding some of the misconceptions on either side, but it will start fading away if no timely initiatives are taken to provide a more positive direction to Indo-American relations. The American susceptibilities play no less a part as the Indian sensitivities in widening the gulf at the slightest provocation.

The caricature of an ugly American out to destabilise and destroy societies that are not totally subservient to the U.S. has been as repugnant a factor in distorting Indo-American attitudes as the parody of a hypocritical Indian who makes an infernal nuisance of himself by preaching to others moral standards that he does not observe in his own national life.

The real task is how to shed these stereotype images of each other that compel even well-meaning Indians to suspect the hidden CIA hand in any odious event, while the Americans see a sinister Soviet machination behind even legitimate Indian criticism of their actions. This paranoiac element has played havoc over the years in souring Indo-American relations and generating animosities even when they had no cause for doubting each other's motives. This psychological barrier to better understanding has to be removed for creating a proper political climate for improving relations, before anything else can be done to restore mutual confidence.

Exchange of visits

An exchange of high-level visits does play a part in opening up opportunities for better relations, but the gains cannot be consolidated without imaginative follow-up action. The Prime Minister's visit has helped to create a greater awareness of the need for better Indo-American relations. It is to be followed up by a series of return visits from the U.S. side to carry forward the process of improvement to the next stage at which the two countries will realise the advantages of closer cooperation.

The U.S. Secretary of State, Mr. George Shultz, will be visiting India later this year to attend the much postponed ministerial meeting of the Indo-American Joint Commission. The Vice-President, Mr. George Bush, will follow early next year to pave the way for a visit by President Reagan towards the end of 1983 as a grand climax to a progressive improvement of relations.

Meanwhile, several prominent U.S. Congressmen are to be invited to India to see for themselves the progress that the country has made in its agricultural and industrial development. The new policy is to encourage more and more U.S. scholars, journalists and others to come to this country, although there are still some reservations about having a wider American presence here. The country is now open to foreign investment in high technology spheres which offers enough opportunity for American multinationals to participate in these fields without undue restrictions.

Illusion

But at the same time the two countries have to take all care to avoid the mistake of arousing great expectations. As it happened so often in the past, a false move could rebound by reviving old suspicions. The latest nuclear accord is one such example of how a complex issue needlessly has been hustled through to create an illusion of a great achievement. It could have been settled in a more leisurely manner free from the risks of a fresh and perhaps an even more exasperating wrangle over the interpretation and implementation of the safeguard provisions.

The economic lever was applied deftly to hasten the agreement and make it appear as a major outcome of Mrs. Gandhi's visit, while in fact she had hardly any occasion to discuss the implications with President Reagan or his Secretary of State. If it is found in the end that the U.S. has gained more than lost by bringing France into the picture to keep the 1963 agreement alive, the critics in India are bound to de-

nounce the gesture as a subterfuge to retain the controls over U.S. supplied materials even after going back on its contractual obligations. There was thus no need to rush through with the new arrangement during Mrs. Gandhi's visit.

Sad experience

Similarly, the U.S. should be doubly careful in its future dealings with India in preserving some correlation between promise and performance. In 1966 India was persuaded to devalue the rupee with assurances of increased economic aid to rehabilitate the sick economy in the wake of successive droughts and near famine conditions. But after the plunge was taken, the country was badly let down for whatever reason.

This bitter experience still rankles when some enthusiasts of increased U.S. investment talk of a large-scale flow of American capital if only India offers the incentives for it. The two countries must not make the mistake of mixing politics with economic aid, much less military assistance since India has had an equally sad experience in 1962-63 after the China conflict.

The Indo-American relations can be improved only on the basis of equality, reciprocity and mutuality with no obligation on either side to toe each other's line without some lofty reasons. It would be foolish on India's part to expect the U.S. to give up Diego Garcia and stop arming Pakistan and supporting China simply to placate Mrs. Gandhi and wean her from the Soviet Union. It would be equally foolhardy on the part of the U.S. to imagine that India would move away from Moscow, endorse the U.S. policies in Asia and derecognise the Heng Samrin regime in Kampuchea to qualify for American patronage.

The new relationship has to be developed within the framework of the existing realities without prejudice to each other's policies and commitment. But there is enough scope even within these severe limits to avoid working at cross-purpose or engaging in activities detrimental to each other's legitimate interests. It is not impossible to establish some common ground between U.S. global concerns and India's regional interests for improving Indo-American relations. This is an exercise that calls for a lot of patience and perseverance, also foresight and imagination, for enabling the two largest democracies to cooperate by rising above the rut of narrow self-interest.

ANALYST DISCUSSES GANDHI INDEPENDENCE DAY SPEECH

Madras THE HINDU in English 16 Aug 82 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, Aug. 15.

The Prime Minister, Mrs. Indira Gandhi, made an impassioned appeal to the people today to remain united and work hard for the good of the nation while cautioning them against the disruptive elements that were bent on creating barriers in the name of region, religion, language, caste and other divisive issues.

Addressing the nation from the ramparts of the Red Fort on the occasion of the 36th Independence Day, she said the country needed a strong government to be able to cope with the gigantic tasks of orderly development for bringing the fruits of freedom to the common people.

The Prime Minister wondered how a government under constant attack on frivolous issues could be expected to tackle the many complex problems facing the nation. It was necessary for all sections of the people to extend their cooperation to the Government in this constructive effort to increase productivity, remove glaring disparities and ensure better social justice.

Discipline needed

It was Mrs. Gandhi's 14th Independence Day speech from this historic spot, where 35 years ago her father had unfurled the tricolour and addressed the nation on the morrow of India's freedom. The recurring theme of the 24-minute speech, which was telecast live by Insat and microwave throughout the country for the first time, was a fervent plea for unity, discipline and cooperation.

The usual spark was missing this time from her exhortation, although she repeatedly castigated those indulging in destructive criticism. She evidently chose to speak in a relatively low key without hitting out hard at the critics in her characteristically forthright fashion to focus attention on the stupendous responsibilities of actively involving the people in harnessing the country's resources to achieve the desired results in an atmosphere of freedom worthy of this great nation.

The Soviet Vice-President, Mr. S. N. Ignashev, the Mongolian Foreign Minister, Mr.

Mangalyn Dugersuren, and the Speaker of the Iranian Majlis, Hojatoleslam Ali Akbar Hashemi Rafsanjani, were among the foreign dignitaries who witnessed the ceremony and heard the Prime Minister's speech from the ramparts of the Red Fort.

The Prime Minister said the country had made considerable progress in several spheres since Independence. Though a lot had been achieved in the last 35 years in the fields of agricultural and industrial development, a lot more needed to be done to improve the living standards of the people. The country would continue to forge ahead if all sections of the people played their part with tenacity of purpose with the necessary resolve to achieve quicker results.

As it is customary to concentrate on domestic issues on this occasion, Mrs. Gandhi made only a passing reference to the international situation. She touched upon the dangers of nuclear arms race, the global recession, the widening gap between the rich and poor nations, and the consequent economic imbalances that were leading to continued exploitation.

The Indian concept of peace, tolerance and respect for others was something that could be emulated by other peoples for the good of mankind in avoiding conflicts and promoting a spirit of inter dependence. It was not only the poor countries but even the rich societies were saddled with the evils of unemployment, economic disparities and corruption. Such problems had to be tackled on a global scale without frittering away resources on destructive wars and arms race.

Spirit of sacrifice

The Prime Minister concluded her speech with an appeal to the nation to display the same spirit of sacrifice that they evinced during the freedom struggle for developing the country without distraction. It was the duty of the Government to provide the lead, but it could not mobilise the people and involve them actively in nation-building tasks without their willing cooperation.

A little bit of introspection now and then by those who tend to blame the Government for everything would help to restore the missing perspective and make them realise their own imperfections. And she ended her speech on the sobering note implying that no one section could claim the monopoly of wisdom since a country could progress only through the collective endeavours of all its people.

TEXT OF PRESIDENT SINGH'S INDEPENDENCE DAY MESSAGE

Madras THE HINDU in English 15 Aug 82 p 4

[Text]

NEW DELHI

The following is the text of the President, Mr. Zail Singh's Independence Day message to the nation.

"Tomorrow we celebrate the 35th anniversary of our Independence. It was on this day, 35 years ago, that India awoke to life and freedom. On this happy occasion, I greet you all my fellow citizens, at home and abroad, and extend to you my good wishes. It is my privilege to speak to you and share some of my thoughts with you.

On this day we remember with gratitude the great sacrifices made by our people during the freedom movement to achieve political emancipation from foreign rule. I salute all those who participated in this unique movement in the history of mankind. I had the privilege of serving the freedom movement under the leadership of Mahatma Gandhi, Father of the Nation, and great freedom-fighters like Jawaharlal Nehru, Sardar Vallabhbhai Patel, Maulana Abul Kalam Azad, Rajendra Prasad and other stalwarts. With the framing of the Constitution our founding fathers laid solid foundations of our democratic polity. This has been strengthened all these years and our democracy has now acquired a high degree of maturity.

Composite culture: We have inherited a great cultural tradition. Through the ages we have developed a composite culture to which various sections of our people professing different faiths and speaking different languages have made their contribution. Our nation is a shining example of unity in diversity. It is our sacred duty to strengthen the cultural ties that bind this nation together.

We are striving to achieve economic freedom through planning, guided by the objective of economic growth with social justice. The basic direction had been set for the nation by Jawaharlal Nehru, who firmly believed in the efficacy of planning for the social and economic development of our country. In recent years we have successfully launched many schemes for the benefit of the poor and the downtrodden with encouraging results. There is still a long way for us to travel for the removal of poverty, hunger, unemployment and

disease and for raising further the living standards of our people, so that every one is assured of food, clothing, housing, literacy and medical facility.

As a nation, we are moving forward in the direction of strengthening the basic principles of socialism, secularism and democracy which are accepted and cherished by us. We have good reason to feel proud of our achievements, particularly in the preceding two to three years. The pace of progress has, however, to be quickened and all of us have to work shoulder to shoulder with a sense of unity and dedication. We have to fight against various impediments in the path of progress. This fight is not against any individual or group, but against the forces of communalism, casteism and regionalism. We can hope to achieve success only with the wholehearted cooperation of our people in this national effort.

Record food output: This year is being observed as the Year of Productivity. Industrial production has increased considerably in recent years assisted by better performance of the infrastructure. In 1981-82, the country achieved an industrial growth of more than eight per cent thanks to the combined efforts of workers, technicians and managers. On the food front, our agricultural base has become strong enough, due to the sustained efforts of our farmers, aided by agricultural scientists and administrators, to ensure increasing production. 1981-82 recorded an all-time high foodgrains production.

I have no doubt that in this Year of Productivity we shall further improve on this performance, in industry as well as agriculture. India occupies a pride of place among technologically advanced countries in the world. Indian experts are working in almost all parts of the world. We are proud of the achievements of our scientists and technologists. These are very encouraging trends which need to be consolidated further and sustained with hard work. Increasing production through continuous hard work and discipline is the only sure way to provide better living standards for our people. Given the resource base at our command, in terms of both men and material, it will not be difficult for our hard-working people to achieve

higher levels of production and productivity.

Our defence forces, officers and men, have been doing an excellent job in guarding our frontiers and maintaining constant vigilance. In particular our brave jawans deserve the nation's appreciation for their keen sense of patriotism and devotion to duty.

Foreign policy: In international relations today, there are tensions and conflicts. Our Government, in pursuance of our traditional objectives of peace and goodwill, is trying to reduce tensions in the World.

We have steered clear of power blocs and pursued a path of non-alignment. I would like to reiterate my Government's resolve to work ceaselessly for achieving these objectives. It is a matter of satisfaction that India's initiative in strengthening the non-aligned movement has strengthened the forces of peace throughout the world. We want to maintain and strengthen friendly relations with all nations, on the basis of mutual respect and cooperation. India's efforts to herald a new international economic order based on equity and justice have particularly contributed to the strengthening of ties with the countries in the third world with whom we share common aspirations for social and economic development.

Testing time: The country faces a testing time. Although the economy has improved, we cannot afford to sit back. Higher production remains our basic need, for which every one must put forth his or her best effort. Public servants must be sensitive to the people's difficulties. The Government and the people must work together in a spirit of unity. The good of the country must be placed above sectarian ends. With such a sense of purpose, we can show the world that there is no challenge that the Indian nation cannot meet and overcome.

The future of mankind depends on mutual cooperation and goodwill among nations. Science and technology must be harnessed for the common benefit of mankind, rather than for purposes of destruction. Thus alone can mankind ensure its survival and progress.

This is the first occasion for me, after assuming office of the President of India, to speak to you, my fellow citizens, directly. I would like to take this opportunity to thank you all for the affection showered and trust reposed in me and hope that you will continue to extend your generous cooperation. Jai Hind."

REPORT ON DEFENSE MINISTER'S INDEPENDENCE DAY SPEECH

New Delhi PATRIOT in English 16 Aug 82 p 8

[Text] DEFENCE Minister R. Venkataraman said on Sunday that the Government has taken a number of steps to equip the armed forces with modern weapons, reports PTI.

Fire-power, mobility, and the night-fighting capability of the army has been enhanced along with a host of other sophisticated technological improvements. The Navy had been strengthened with modern ships and for the Air Force the latest aircraft with sophisticated technical aids were being acquired to enable the country to achieve a positive superiority in the air.

Mr Venkataraman who was addressing officers and men of the armed Forces in the forces programme of the All India Radio on the occasion of Independence Day, complimented the Defence scientists who were "working ceaselessly to catch up with modern developments in the rest of the world and update our defence equipment, on a par with the advanced countries."

The ordinance factories and defence public sector undertakings, he said, had rendered a good account of themselves in the matter of production of ammunition, tanks, and assembly of aircraft.

The Defence Minister said that India was making every effort to establish friendly relations with all her neighbours. But, unfortunately, the policy of detente was receding and nations were increasingly resorting to armed conflict. Dangerous and lethal weapons were being stockpiled. "This has placed", Mr Venkataraman said, 'an increasing burden on our country'.

Referring to the need to look after the welfare of the armed forces personnel, the Defence Minister said that much has been done in the recent past to improve the terms and conditions of service of all ranks in the armed forces, but much remained to be done. This was a continuous process and steps would be taken to improve the career prospects of the armed forces personnel within the constraints of our resources, he added.

Describing the armed forces as the best example of national integration who have been drawn from all parts of the country, the Defence Minister said, "Let me assure all of you in uniform that the nation is proud of your discipline and unwavering patriotism and is behind you at all times.

PRESS REPORTS FAILURE OF NO-CONFIDENCE MOTION

Gandhi Reply

Bombay THE TIMES OF INDIA in English 17 Aug 82 p 1

[Text] NEW DELHI, August 16 (PTI)--THE government defeated the opposition's no-confidence motion in the Lok Sabha tonight by 327 votes to 110 votes, after a ten-hour tumultuous debate.

Shortly afterwards, the Lok Sabha adjourned sine die at 9 p.m.

The Prime Minister, Mrs. Indira Gandhi, charged the opposition with "irresponsibility", "utter disregard for norms of democracy" and wasting the time of the house and money of the exchequer in tabling a motion of no-confidence motivated by "personal animosity".

Not even her "small grandchildren" were spared in the course of the debate from derogatory remarks, Mrs. Gandhi said in her spirited reply.

No new point was raised during the debate, the prime minister said, that was not discussed and replied to during this very session or other occasions time and again.

When the house had discussed three points, the opposition leaders did not consider it worthwhile enough to be present in the house.

"But now they say they want to censure the government. We can stand their censure. We have (with) stood the censure of the world. As I said (in the United States) we have stood upright." Mrs. Gandhi said, amidst cheers from the ruling benches.

She agreed with her party members that such motions had become routine technique for the opposition.

Marxists Flayed

Heard by a packed house and over-flowing galleries, the Prime Minister said the opposition parties, particularly the Lok Dal, had perpetuated the caste system and fought elections on the basis of caste.

Hitting out at Marxist members, Mrs. Gandhi said the Marxists had no compunction in allying themselves with the RIP and the RSS.

Accusing the opposition of indulging in "mudslinging" against her government, party and its policies, the Prime Minister said its efforts would only result in the destruction of the economy and the unity of the country. Today every country in the world was impressed by "our basic policy and manner in which we are implementing them," she said.

Mrs. Gandhi said when almost all countries, whether developing, developed, communist or capitalist, were praising India, "there must be something good for them to praise".

She said not only had the leaders of various countries praised India's achievements but also their newspapers.

Mrs. Gandhi questioned the "temerity" of the opposition in accusing her of compromising the country's policies and programmes.

Raising her voice, she asked the opposition, "you have the temerity to say that to Indira Gandhi."

The country, she said, knew that her stand on various issues had raised the prestige of the country. It was not a matter of opinion. The whole world had acknowledged it... the best in the world had done it.

Mrs. Gandhi said some of the opposition parties had been consistently opposing the Congress policies right from Jawaharlal Nehru's days.

Refuting opposition allegations that the country was tilting towards one bloc or the other, Mrs. Gandhi said, "Self Reliance has been, is and will always remain our basic objective."

Referring to the progress in scientific and technological fields, Mrs Gandhi said the country had to go in for more advanced technology to keep pace with the developments elsewhere.

She made it clear that the government was not throwing open the entire economy for foreign investment.

Refuting the opposition charge that the recent agreement on fuel supply to Tarapur was a sell-out, Mrs. Gandhi said, "we made our position very clear regarding our right to reprocess it (used fuel) without further consultation and the use of MOX (mixed oxide fuel) in future is not precluded."

Mrs. Gandhi said both sides agreed that inspite of differences, early supply of enriched uranium to Tarapur from France would be made and hence India accepted the proposal.

Mrs. Gandhi said the government was certainly committed to the freedom of the press. The press commission itself had said that the press had not only

to be free but also responsible--not to the government but to the consequences of what it wrote.

Nobody was entitled to use his freedom to injure another's reputation. "I have no doubt senior professionals in the press itself will not disagree. How they should be dealt with can be discussed and gone into. This is not a new thing. It was passed earlier by two states."

She said she did not hear much noise against a similar bill passed by Tamil Nadu either in the house or outside.

In a sharp attack on Mr. Charan Singh, Lok Dal leader, the Prime Minister said: "We have our differences with him. They are of long standing."

Mrs. Gandhi also gave figures to contend that there had been increased production in the country in several fields and record harvests in food grains.

Referring to the attack by some members on the tackling of poverty in the country, the Prime Minister denied having said that the government had conquered or eliminated poverty.

On the contrary, she had repeatedly said that poverty was there and it was a tremendously big problem.

The Prime Minister assured the Lok Sabha that steps would be taken to ensure increased supply of essential commodities to Delhi, particularly during the Asiad, so that prices did not go up.

Mrs. Gandhi also refuted the opposition charge that the Congress (I) was losing its base in Haryana.

She said her party had secured 17.15 per cent votes in the 1977 assembly elections, 35 per cent in the 1980 Lok Sabha elections and 38 per cent in the 1982 assembly elections in the state.

G. K. Reddy Report

Madras THE HINDU in English 17 Aug 82 p 1

[Article by G. K. Reddy]

[Text] NEW DELHI, Aug. 16--The Prime Minister, Mrs. Indira Gandhi, lashed out at the Opposition in the Lok Sabha today, denouncing the two communist parties for ganging up with the BJP and other "right reactionary" elements in the country to denigrate her and malign her Government with false and frivolous accusations.

An angry and indignant Mrs. Gandhi said that, in tabling a no-confidence motion against her Government, these Opposition parties were in effect moving a vote of no-confidence against themselves.

After a nine-and-half-hour debate that was quite uproarious at times, the Prime Minister intervened to launch a blistering counter-attack on the Opposition parties for their "irresponsibility" and "temerity" in accusing or insinuating that she was compromising the country's honour by abandoning the path of self-reliance. She stoutly denied that the Government was throwing the doors open to foreign investment under the guise of liberalisation.

Moving the no-confidence motion on behalf of the Opposition, Mr. H. N. Bahuguna charged the Government with letting down the country's down-trodden by siding with the monopolists, capitalists and feudal elements, besides undermining the judiciary, intimidating the bureaucracy, denigrating the democratic institutions, tampering with the freedom of the press, engaging in personality cult and concentrating all power in the hands of a single person. He described this retrogression as the very antithesis of the Gandhian ethos that inspired the freedom movement and aroused great expectations after independence.

The Opposition parties fielded all their best speakers who besides Mr. Bahuguna included Mr. A. B. Vajpayee, Mr. Charan Singh, Mr. Samar Mukherjee, Mr. Inderjit Gupta, Dr. Subramaniam Swamy, Mr. Chandrajit Yadav and Mr. K. P. Unnikrishnan. The Congress (I), too, put up all its big guns including Mr. Pranab Mukherjee, Mr. R. Venkataraman, Mr. P. Shiv Shankar and a number of former Ministers like Mr. Y. B. Chavan, Mr. V. C. Shukla, Mr. V. N. Gadgil and Mr. Maganbhai Barot.

But the star performer was Mrs. Gandhi by virtue of her very special position as Prime Minister and also because of her capacity to hit back with devastating effect. It was on the whole a well-conducted debate despite noisy scenes, since the two sides were able to make their points with telling effect. Despite frequent interruptions and noisy scenes, the two sides were able to sustain the momentum of the debate, which used to collapse after the first two or three hours on previous occasions.

What really astonished the parliamentary observers today was the ferocity of the Prime Minister's attack on the communists. The betrayal by the Indian left, she said, reminded her of the fatal mistake the German Socialists made in supporting Hitler only to be devoured by him in due course. The Indian left, she warned, should realise the finer irony of this sad experience in attempting to give respectability to the BJP and the RSS by colluding with them simply to malign the Congress (I) and in the process weaken the nation.

Tempers rose when Mr. Vajpayee challenged the Petroleum Minister, Mr. Shiv Shankar to prove the allegation that a "non-bailable warrant" had been issued against Mrs. Gandhi during the Janata regime on a charge of abetting the theft of two chicken and six eggs levelled against her in a Manipur court. But later on Mr. Shiv Shankar referred to it only as a "warrant of arrest" without explaining whether she was summoned as an accused or witness, and Mrs. Gandhi herself pointed out subsequently that the absurdity of the whole thing was that a former Prime Minister of the country was harassed in this fashion.

Bihar Press Bill

The Home Minister, Mr. Venkataraman during his speech, said that the Centre received the Bihar Press Bill only yesterday seeking the assent of the President. He said the Government would exercise its judicious judgment on the "propriety, validity and necessity" of this legislation. The Prime Minister went a step further in assuring the House that the Government stood committed to a free press, although she qualified this with the remark that the press should be both free and responsible.

Mr. Shiv Shankar spoke at length in defence of the Kuo Oil deal justifying it in the then prevailing circumstances. His predecessor, Mr. P. C. Sethi, who had taken the controversial decision, sat quietly without saying anything in his self-defence, while the Opposition members kept on interrupting Mr. Shiv Shankar in sheer disbelief as though his laboured explanation did not carry any conviction.

The Finance Minister, Mr. Pranab Mukherjee, came out with a vast array of figures to prove that the economy had improved considerably in the last two and half years, that inflation was well under control and the country was facing no recession. The Opposition speakers tried to demolish his contention with their own statistics of how the country was caught up in stagnation in the wake of the Government's "ill-advised policy of succumbing to IMF pressures".

Mrs. Gandhi, who understands the psychology of Parliament better than her Cabinet colleagues, did not allow herself to be bogged down in a statistical duel with the Opposition. She did cite some figures but only in a passing reference to what she denounced as the absurdity of the Opposition case that the rich were getting richer and the poor poorer under her rule. The poor, she said, were not getting poorer, but becoming more conscious of their poverty in the sense that the face of poverty itself was changing, since what was considered luxuries at one time were now regarded as daily necessities of life.

Referring to Tarapur, she reiterated India's right to reprocess the spent fuel without further consultation. The MOX (mixed oxide) programme was not being abandoned because of the new fuel supply arrangement with France. The work on the MOX fuel cycle would be continued and its use at some stage was not being precluded by the Government.

Disquieting Note

A rather disquieting note was struck by the Prime Minister perhaps not realising its full implications, when she said that she was fully committed to the democratic system. "I have some reservations about the present functioning of Parliament". Some Opposition members tended to see deeper meaning in this odd remark, because of the frequent talk of a change-over to a Presidential system.

Mrs. Gandhi was particularly harsh in dealing with Mr. Charan Singh's economics, tracing back here differences with him to a long time. She said the poor

villagers who participated in his kisan rallies had been told that they could have Indira Gandhi's darshan if they came to Delhi.

After Mr. Bahuguna had wound up the debate, the no-confidence motion was defeated by 327 to 110 votes. The weary members who sat through this tiresome but exciting debate heaved a sigh of relief as they dispersed around 9 p.m. ready to leave for their home towns tomorrow by the first available flights out of Delhi.

Finance Minister's Speech

Madras THE HINDU in English 17 Aug 82 p 9

[Text] NEW DELHI, Aug. 16--Mr. Pranab Mukherjee, Finance Minister asserted in the Lok Sabha today that the Opposition could not identify even one single area where the Government was shifting from the policy of self-reliance and said the loan from the international Monetary Fund was only to tide over the crisis and build up resources to reduce dependence on imports.

Intervening in the debate on the no-confidence motion, he said the talk of recession was baseless. There was no all-out liberalisation of imports as was being contended, and inflation was well under control though the country was not yet out of the woods.

Coined by Opposition: Speaking amidst interruptions, Mr. Mukherjee pointed out that the very phrase "liberalised" import policy was coined by the Opposition and the Janata Government had gone even to the extent of changing the colour of the book from red to green.

It was no use repeating these phrases and slogans that the Government had surrendered to foreign companies. After all what was the investment of the foreign companies--only 4.2 per cent of the total or about Rs. 2,500 crores. And this was known to the former Finance Minister, he said, pointing towards Mr. H. N. Bahuguna.

Giving a mass of statistics, the Finance Minister refuted the charge of deviating from the policy of self-reliance and said production had gone up in coal, power, cement, petroleum and other sectors.

The same was true of the public sector undertakings which were making losses during the Janata regime. Only in 1982-82, they turned the corner and made profits.

"What are the areas where we are going back? If we can produce more in the public sector, if we can acquire technology, if we can make profits, does it mean we are going back on self-reliance? Does it mean we are surrendering to multinationals?", Mr. Mukherjee asked.

Referring to the charge that some of the big companies had been permitted irregular increased capacities, he said in 34 select industries, they could have automatic increase in production (capacity). But this was not applicable

to such industries as were earmarked for small-scale sector. "If you find that capacity has been created, are you going to penalise or regularise it?" he asked.

IMF loan: On the issue of IMF loan conditionality, the Finance Minister asked "where are we surrendering?". When we left office, we left a surplus of international trade account of Rs. 72 crores. When we came back, you (Janata-Lok Dal) left us with a deficit of more than Rs. 2,000 crores".

Mr. Mukherjee said one-third of the total industrial production came from medium and small-scale sectors. It was not a fact that cottage and village industries had been given the go-by. They were being supported and maintained.

No recession: Asserting amidst protests and interruptions that there was no recession, the Minister turned to the CPI(M) leader, Mr. Samar Mukherjee and said even the Federation of Indian Chambers of Commerce and Industry (FICCI) could not have made a better case in favour of recession. "I do not expect leftists to come forward and say there is no...."

On the issue of overdrafts, he pointed out that before they were stopped, the Prime Minister had decided that all the outstandings would be converted into medium-term loans. "We had taken responsibility on ourselves to provide the States with a clean slate".

Besides, Mr Mukherjee said, the Centre was also giving increased financial assistance to the States specially West Bengal (no, no from CPI (M) benches).

A chorus of protests from the marxist benches greeted Mr. Mukherjee when he recalled how West Bengal avoided giving the actual amount of overdrafts. There were some other States too like that. Without fiscal discipline, there could be no planning, he said.

Justifying the IMF loan, the Finance Minister challenged the Opposition to point out any new conditions the Government might have accepted. The whole issue, he pointed out, had been discussed in the House.

After quoting from a Government letter to the IMF Mr. Mukherjee said amidst laughter "If I lend some money to Indrajit Gupta I will ascertain whether he will be in a position to pay back or he will pocket it...."

CSO: 4220/7802

PLANNING COMMISSION: SOME SECTORS FACE RECESSION

Calcutta THE STATESMAN in English 21 Aug 82 pp 1, 9

[Text] NEW DELHI, Aug. 20--In contrast to the Finance Ministry which does not admit that industry is affected by recession, the Planning Commission has noted that certain industries are experiencing recessionary trends.

At the meeting of the Commission yesterday which was presided over by Mrs Gandhi, it was suggested that remedial measures, including availability of adequate bank credit to meet the needs of industries, should be intensified.

The Commission, which made a comprehensive review of the implementation of the Sixth Plan, took note of the poor performance in the power sector. Installation of additional capacity had fallen far short of the target and it was stressed that urgent steps were needed to avoid further loss.

The plant-load factor had showed a slight improvement and needed to be increased, the Commission felt. This would help to improve the resources position of the State Electricity Boards.

The Commission recognized the need for further mobilization of resources by the Centre and the States. The need to improve the financial performance of the State Electricity Boards, road transport corporations and other public enterprises was stressed.

Emphasis was placed on early completion of on-going projects, which were in advance stages of implementation and maximum utilization of existing capacity. With regard to agriculture, it was noted that there was need to intensify efforts for increasing production. It was considered necessary to reduce the gap between the creation of irrigation potential and its utilization, to increase the use of fertilizers and to improve the availability of credit. Stress was also laid on minor and medium irrigation, including providing electricity for pumpsets and making the Command Area Development Programme more effective.

Emphasis was laid on the proper preparation of projects before they were taken up for execution so that their implementation was expedited and cost escalation minimized. Besides, the need for taking an integrated view with regard to various related programmes in health, education and other social services was stressed.

Much attention had to be paid for the maintenance of the ecological balance. The need for greater association of the public, voluntary organizations and institutions like village panchayats in the case of the various poverty alleviation programmes was recognized.

It was noted that the balance of payments position continued to be under severe strain. There was, therefore, need for restraining the growth of imports by increasing domestic production of commodities like petroleum, fertilizers, steel and oilseeds.

At the same time, further measures for increasing the growth of exports were considered necessary. Emphasis was placed on developing export markets for various commodities on a regular basis, adequate publicity and quality control.

Both the Centre and the States will have to mobilize additional resources to finance "effectively" the Sixth Plan, adds PTI.

This major decision suggests that the outlay on the Plan will be raised from the originally envisaged Rs 97,000 crores.

The revision is necessitated by rise in prices, the original plan outlay being based on the 1980-81 price-line. Since then there has been appreciable increase in prices and costs.

Mr Mohammad Fazal, a Planning Commission member, has said that during the eighties sufficient flexibility will be needed in the planning process without sacrificing the basic principles of a planned economy.

This had become necessary to take advantage of the considerable technological and managerial capabilities that had been developed over the years, he said while speaking on "industrial growth perspective" at a meeting in New Delhi yesterday.

CSO: 4220/7814

SUPREME COURT STAYS TAMIL NADU 'PRESS CURB' ACT

New Delhi PATRIOT in English 20 Aug 82 pp 1, 4

[Text] THE Supreme Court on Thursday stayed the operation of an amendment in the Indian Penal Code and the Criminal Procedure Code by the Tamilnadu Government under which 'scurrilous' and 'grossly indecent' writings were made a cognizable and non-bailable offence.

A division bench comprising Chief Justice Y V Chandrachud, Justices O Chinappa Reddy and A P Sen also issued notice to the State Government and granted interim stay on a petition of a Tamilnadu evening daily editor I Kartheesan.

The petitioner had challenged the constitutional validity of Section 292(A) of the IPC, as amended by the Tamilnadu Government in 1982, on the ground that it violated the freedom of the Press.

Section 292(A) was amended in 1960 through an amendment laying down that whatsoever was printed in any newspaper or periodical, anything which is grossly indecent for blackmailing, is punishable with imprisonment up to two years and suitable fine. For the subsequent offences, the Act laid down imprisonment up to two years and fine.

Appearing on behalf of the petitioner, Mr F S Nariman contended that the object of the Act was to 'gag' the Press and to prevent it from publishing even 'true news' which might injure the State Government and its officials.

Describing the Act as 'bad' and 'unconstitutional,' Mr Nariman argued that the Act did not define the expression 'scurrilous' but left it vague so that the executive could pick and choose persons or newspapers for initiating criminal prosecution against them..

The petitioner charged that the amendment, violated his fundamental rights guaranteed under Articles 14, 19 and 21 of the Constitution.

If a true statement or criticism is made against any person in public interest, still the publisher or any person who circulates such publication can face prosecution under the impugned section and therefore it violated freedom of the Press under Article 19(1) (A) of the Constitution, Mr Nariman contended.

On 27 February this year, Tamilnadu Chief Minister M G Ramachandran announced a new nutrition scheme under which children in the age group two to fourteen would be provided with free mid-day meals.

On 31 July, the Salem Malai Murasu evening paper published a news item saying five school children had vomitted blood and were later admitted to the Kumara-palayam Government Hospital after taking the free meals in a school. Rice cooked with dal and spinach form the regular meal.

The headmaster of Palipalyam School on 6 August lodged a complaint charging that the news item regarding students of his school getting sick was false.

In his petition Mr Kartheesan said that he and Mr Paramakrishnan, a correspondent, were arrested on 7 August following the complaint. They were detained for two days and released on conditional bail on 9 August.

The petitioner alleged that no action had been taken against 'Dinamalar' which had also published the same story on 1 August.

The petitioner argued that no cases under the amended section had been registered for 20 years from 1960 though there were several instances of criticism against the Government and Ministers in the Press. However, he said, four cases had been registered since September 1981 following the issuance of the ordinance.

The petitioner charged that Mr Ramachandran had, in consultation with his Cabinet colleagues, charted out a programme of action for "curbing and gagging" the Press and preventing publication of news and views directed against the Government and its Ministers.

On 9 September last year, the State Government passed the IPC and CrP.C. (Tamilnadu Amendment) Ordinance, 1981 seeking further to amend Section 292(A) of IPC and make the offence nonbailable and cognizable in order to keep the persons in custody until and unless he is released on bail by a competent court. A bill on this was moved in the State Assembly and the ordinance was promulgated this year.

CSO: 4220/7813

INDIA

PLANNING COMMISSION MEETS TO REVIEW SIXTH PLAN

Calcutta THE STATESMAN in English 20 Aug 82 p 1

[Text] NEW DELHI, Aug. 19--A full meeting of the Planning Commission was held today under the chairmanship of Mrs Gandhi to undertake a comprehensive review of the Sixth Plan shortly before decisions are taken to make changes in it.

The changes will be made on the basis of a mid-term appraisal of the Plan which is now in progress and the results of which are to be published in the next few weeks.

The review today took into account the state of the economy and the strains it was facing because of shortfalls in some key sectors such as power and irrigation and the impact this would have on industrial and agricultural production.

The discussion is also believed to have taken into account the difficult foreign exchange position and the depleting reserves despite the disbursement of instalments of the three-year plan taken from the International Monetary Fund. Remedial measures to step up export and increase import substitution were analysed.

The main amendments considered necessary are in respect of the energy sector to which additional funds are to be made available to increase the country's production of oil to minimize the dependence on imports by the end of the Plan period.

Certain projects--like the Maruti plant to make cars and other vehicles in collaboration with Suzuki and new steel plants--which were not included in the original draft of the Plan will now have to be provided for.

This is bound to strain the already difficult resources position which has been eroded by inflation and the failure of the States to raise more funds for development. The gap in resources of both the Centre and the States is growing and hence the need to find ways to close this.

CSO: 4220/7811

IRANIAN VISITOR DISCUSSES TRADE RELATIONS WITH INDIA

New Delhi PATRIOT in English 18 Aug 82 p 7

[Text] Iran proposes to import from India engineering items, consultancy services and several essential commodities like rice, wheat and sugar. Iran also seeks India's involvement in the reconstruction of her damaged industries, which can be of mutual advantage to both countries.

This was indicated here by visiting Iranian Deputy Minister of Commerce Hedayet Zade when he called on Union Commerce Minister Shivraj V Patil. Mr Patil informed him that India would be in a position to supply Iran's requirements as well as to take up reconstruction activities there.

Mr Zade invited Mr Patil to visit Iran to give a boost to the bilateral commercial relations. Mr Patil accepted the invitation in principle. He also informed Mr Zade that a delegation of representatives of the concerned public sector undertakings and business houses of India would visit Iran shortly to identify specific items for imports and exports. The members of the team would negotiate with their Iranian counterparts to conclude contracts.

The visiting Iranian Minister said that his country was trying to attain self-sufficiency and in this effort Iran was taking lessons from the Indian experience in economic and industrial development. He said that after the Iranian revolution, Iran's trade with Third World countries had gone up substantially. He also indicated Iran's preference for Indian goods.

Mr Patil said that India also believed in the principle of economic cooperation among developing countries. He gave an account of the development of India's agricultural and industrial capabilities and pointed out that India was in a position to supply the items needed by Iran. He also stressed the need for cooperation in the field of technology and exchange of scientists and technicians.

The two Ministers also discussed the draft trade agreement between India and Iran which was now under consideration. It was felt that the conclusion of the new agreement could help boost economic relation between the two countries.

India's exports to Iran included engineering goods, iron and steel, textile goods, rubber and leather goods, chemicals and allied products, animal feed, spices, tea, rice and wheat. India's imports from Iran were petroleum and petroleum products, fertilisers and minerals and chemicals and allied products.

SCHEDULED CASTES COMMISSIONER SUBMITS REPORT

New Delhi PATRIOT in English 18 Aug 82 p 5

[Excerpt] THE Commissioner for Scheduled Castes and tribes has called for a "meaningful reappraisal" of the strategies followed in introducing land reforms since Independence, reports UNI.

In his report for the years 1979-81 the commissioner has observed that land reforms have been 'dragging' their feet since the abolition of landlordism given effect to in the first flush after independence.

According to the report, out of 1.57 million hectares of land declared surplus, 1.14 million hectares of land declared surplus, 1.14 million hectares of land had been taken possession of land 7,20,000 lakh hectares distributed.

Less than 50 per cent of the area declared surplus had been taken possession of in Andhra Pradesh (41 per cent) Gujarat (24) Manipur (four) Punjab (29) and Pondicherry (38). In Karnataka it was 52 per cent Delhi 53, Madhya Pradesh 54, Bihar 55, Haryana 64 West Bengal 66 Dadra and Nagar Haveli 67 Uttar Pradesh 92 Tamilnadu 96 and Himachal Pradesh 98 per cent.

The report says the percentage of area distributed in Himachal Pradesh was surprisingly only 2.6 Maharashtra and Bihar were the only States where the distribution of the acquired land was cent per cent.

CSO: 4220/7807

BEIRUT EMBASSY REPORTS ISRAEL DETAINING INDIANS

New Delhi PATRIOT in English 18 Aug 82 p 1

[Text] THE Israeli authorities have refused to furnish information about 31 Indian nationals suspected to be held in detention in South Lebanon even after a month since they were approached by the International Red Cross Society.

The External Affairs Ministry spokesman, who disclosed this to newsmen on Tuesday on the basis of a report received from the Indian embassy in Beirut, said the Israeli authorities had been approached on 22 July by the IRCS to secure the release of the Indian detenus.

According to the report, the Indian embassy was able to get information about the 72 Indian nationals working in factories of South Lebanon (which was over-run by the Israeli forces) and with the help of the IRCS, 41 of them had been traced, but the remaining 31 were suspected to be under Israeli detention.

The report further informed that the IRCS had conveyed to the embassy that 29 Indians were stranded in West Beirut. With IRCS assistance, 23 of them were safely brought out of West Beirut. The embassy is now actively functioning in the northern part of East Beirut, the spokesman added.

The embassy provided accommodation and temporary shelter to 60 Indian nationals, of whom 40 have since returned to India.

Between 1 July and 11 August, no less than 580 Indian nationals were provided with various kinds of consular facilities by the embassy, and of them 130 helped to go back to India at their own cost.

The embassy also came to the aid of a number of Indian workers forced to leave their factories affected by the war without being able to get back their passports from their employers, by issuing as many as 152 identification slips, the report said.

The Ministry spokesman informed that inquiries from India about 35 Indian nationals were routed through the External Affairs Ministry to the Indian embassy in Beirut and a reply had been received about the welfare of 26 of them. Thirty other inquiries made directly to the embassy were also handled by it and the news about the welfare of all of them sent to India.

INDO-JAPANESE VENTURES IN THIRD COUNTRIES PLANNED

Calcutta THE STATESMAN in English 18 Aug 82 p 9

[Text] A NUMBER of Indian firms have established contacts with Japanese companies for going ahead with Indo-Japanese cooperation in third countries. These Indian firms are now negotiating for business, worth about \$100 million with Japanese engineering firms.

Mr G. D. Shah, chairman, Engineering Export Promotion Council, said this at a Press conference in Calcutta on Tuesday on his return from Tokyo when he attended a conference on joint tendering and sub-contracting. He claimed that the conference was an "outstanding success". This was the first time that a meeting of this nature had been organized by any developing country in Japan, and it evoked keen interest from the Japanese side

Mr Shah said that a "memorandum of understanding" was signed between the Japan Machinery Exporters Association and the EEPC for maintaining a continuous dialogue between the two organizations. This would strengthen Indo-Japanese cooperation in third countries.

Mr Shah said that the conference provided a unique opportunity to both the Japanese and Indian firms to get acquainted with one another, evaluate their capability and identify specific projects and the countries where work could be undertaken on a joint tendering and sub-contracting basis. Several Japanese firms had begun discussions with Indian firms for implementing projects in the Gulf States and South-east Asian countries.

CSO: 4220/7805

LOK DAL-K, CONGRESS-S TO UNITE AT NATIONAL LEVEL

Calcutta THE STATESMAN in English 18 Aug 82 p 9

[Text] PATNA, Aug. 17--In a dramatic development, Mr Karpoori Thakur, president of the Lok Dal (K), Mr Chandrajit Yadav, president of the Janawadi Party, and Mr Ram Lakhan Singh Yadav, president of the Bihar unit of the Congress (S), today announced here that their parties would join hands at the national level to provide an alternative to the Congress (I).

In all probability, the Democratic Socialist Party led by Mr Bahuguna and the Janata Party led by Mr Chandra Sekhar would also join the Front, they said.

Mr Chandrajit Yadav said that apart from these political parties, the CPI, the Forward Block, the Revolutionary Socialist Party and the CPI-M have also been invited to join the Front on the basis of a 15-point programme.

Mass movements are planned to press for radical land reforms, setting up of compulsory consumer service societies for small land holders and establishments of an all India public distribution system.

Mr Yadav said that he had written to the leaders of all these eight political parties on August 16. He hoped to receive their replies by next week.

Mr Yadav and Mr Thakur made it clear that the BJP and Mr Charan Singh's Lok Dal had not been approached for obvious reasons. "We want secular and progressive forces to come together," they said.

CSO: 4220/7805

INDIAN MEMORANDUM TO IMF OUTLINES ECONOMIC POLICIES

Calcutta THE STATESMAN in English 23 Aug 82 p 1

[Text]

NEW DELHI, Aug. 22.—India has told the International Monetary Fund that it has adopted a "flexible and pragmatic" approach towards import of technology and foreign collaboration, reports UNI.

In its memorandum to the IMF, outlining its economic policies for 1982-83, the Government cites the various steps taken during the past year in pursuit of this new approach. Procedures for import of technology have been further liberalized in the 1982-83 import policy, especially for export industries. Industrial licensing procedures have also been streamlined.

In order to promote high technology industries and those requiring large investments, restrictions on the scope of operations of domestic companies covered under the Monopolies and Restrictive Trade Practices Act and foreign companies have been reduced. The list of industry groups open to these companies had been increased from 19 to 24 and the coverage of the original 19 groups had been expanded. As a result, these companies can now invest in most areas of high technology and also large investments.

The memorandum also states the Government's decision of giving high priority to the evolution of energy prices that would reflect "economic costs". It has stated that prices of petroleum products were raised substantially in 1981-82. This was fully at par with international oil prices. The price policy in this area was designed to provide incentives for conservation and development. Prices for coal and, in several States, for electricity were raised in 1981-82.

CSO: 4220/7818

CPI-M LEADER ADDRESSES INDO-ROMANIAN SOCIETY

New Delhi PATRIOT in English 19 Aug 82 p 12

[Text] The heroic struggle of the people of Romania against fascist tyranny was recalled at a public meeting in the Capital on Wednesday.

The meeting was organised by the Indo-Romanian Society in to commemorate the 38th anniversary of the anti-imperialist revolution by the Romanian people.

In his speech, CPI-M leader Harkisnan Singh Surjeet, MP recalling the sacrifices made during the Romanian independence struggle pointed to the change in the country's socio-economic status after it came out of fascist bondage. The bonds of Romania's friendship with India become stronger because the two fought for freedom from atrocious foreign yock.

Member of Parliament Rattan Singh Razda said that India and Romania shared the common goal of bringing world peace and were making joint strides in constructive directions. He lauded the Romanian people for their love for freedom and said that it will always inspire the people of India.

Romanian embassy Charge de Affaires Radoi said that after attaining independence, Romania made an all round effort to uplift the people from poverty. Today Romania was turning into an industrial country he said with pride.

The country's foreign policy was based on the belief of disarmament, and end to global tensions and non interference in the affairs of others, Mr Radoi said.

Indo-Romanian Society secretary general M N Sethi lauded the freedom struggle by the people of Romania and said that after the end of fascism in the country, an era of prosperity was ushered in. The meeting was presided over by Mr S S Mohapatra, MP.

CSO: 4220/7810

CPI-M, JANATA SUPPORT BOMBAY POLICE PROTEST

New Delhi PATRIOT in English 20 Aug 82 p 4

[Text] THE CPI-M, its trade union wing (CITU) and the Janata Party have expressed sympathy with the demands of the agitating policemen in Maharashtra while denouncing the coercive methods employed by the government to meet the situation.

The Lok Dal, headed by Mr Charan Singh, although disapproved of the 'large-scale acts of lawlessness' it held the Government equally responsible for the development by not paying heed to the legitimate demands of the policemen.

The Lok Dal (C) calling for the dismissal of the Maharashtra Government and imposition of President's rule in that State demanded similar step in Haryana

The INTUC, on the other hand has condemned the 'unsocial and anti-national forces' who had taken to 'law of the jungle' in Bombay and congratulated the State Government for having restored normalcy in the quickest possible time.

CPM Support

The CP-M Politbureau extended full support to the legitimate demands of policemen in Maharashtra and Haryana and warned the Government that it would be "playing with fire" if it used punitive measures to "bring under control" the growing manifestations of discontent among personnel of the police force.

In a statement issued from the Capital on Thursday, the Polit Bureau recorded its protest against the firing on policemen and civilians in Bombay, admittedly resulting in the death of no less than four persons and injury to several. When the full facts are available the number of killed would in all probability go up, it said.

The statement appreciated the call given by the party's Maharashtra State Committee alongwith State units of the CPI, Janata Party and the PWP, supported by trade unions, for the 24-hour bandh on Thursday in solidarity with the policemen.

The "brutal repression" resorted to against the Maharashtra police force and supposed to be done in Haryana, it said, was an "extension of the method

adopted whenever any section of the working people launches struggles for realisation of their legitimate demands." In this context, it took the Maharashtra Government to task for callously looking on for seven long months to the strike of the textile workers which too was based on legitimate demands.

"In fact, it was under the cover of preparing to meet the 'jail bharo' move of the textile workers that the Government moved the CRP and the BSF which, as is now admitted, was intended to spring a surprise on the constables, and facilitate their disarming and detention of leaders and activists of their organisation. The workers of Bombay are naturally sympathetic to the policemen," it under lined.

The Polit Bureau felt that the Government-circulated "theory" of the policemen having resorted to 'hooliganism' and being 'indisciplined' was exploded by the very fact that within hours of the firing and attacks, the Maharashtra Government decided to set up a committee to go into the policemen's grievances with instructions to submit its report in three months.

Pointing to similar unrest among policemen in Haryana the party forums underscored that since 1979 a general mass discontent was finding reflection in the ranks of the police and other sections of the State's armed forces.

The statement explained that policemen had used their organisation in Maharashtra to ventilate their grievances, but when they found that normal channels of communications between the association and authorities were not useful in sorting out the problems, they demonstrated on 15 August. The Government's reply of resort to punitive measures was akin to playing with fire, it said.

JANATA: Janata Party President Chandra Shekhar urged the Government to consider the demands of the agitating policemen in Maharashtra with sympathy and understanding, and said that 'oppressive and coercive' methods were no remedy to such problems.

Dr Subramaniam Swamy, deputy leader of the Janata Party in Parliament, has urged the Government to accept 'entirely reasonable' 19-point charter of demands of agitating Bombay policemen and demanded dismissal of the Bhosale Ministry and imposition of the President's rule in the State. In a statement, he said the handling of the policemen's agitation would 'convince anyone that under Mr Babasaheb Bhosale's stewardship the law and order situation in the State cannot be brought under control'.

LOK DAL: Lok Dal Parliamentary Party (C), deputy leader Rasheed Masood and whip Rajesh Kumar Singh castigated the government for not taking 'timely measures' to avoid the ugly situation in Bombay despite the fact that it was well aware of the growing unrest among the police personnel. They warned that if timely action was not taken by the government in this regard, the 'virus is likely to spread to other parts of the country with dangerous consequences.'

INTUC: Mr N K Bhatt, MP, INTUC president, said the trend of taking to the law of the jungle should be condemned in strongest terms. He appealed to the

Bombay policemen not to allow themselves to be exploited by vested interests in their Sangathana. 'Violence begets violence and it is only fair and peaceful means that will succeed in securing their legitimate demands.'

Repeating charges of terrorism against Dr Samant and his musclemen, he said looting of residences of two INTUC leaders--Mr V R Hoshing and Mr Bhai Bho-sale--only vindicated the INTUC's allegations. 'Textile workers of Bombay are by themselves peaceful and law abiding and it is an unfortunate development that anti-social elements spearheading the strike are tarnishing their fair name,' he observed.

Our Special Correspondent adds from Calcutta: All India Trade Union Congress (AITUC) has demanded immediate release of the detained policemen's leaders, and settlement of their grievances without delay.

General secretary of the AITUC Indrajit Gupta, MP, in a statement issued here today said, policemen are also human beings, who can have legitimate demands relating to their working and living conditions.

Instead of settling their genuine demands sympathetically the Maharashtra Government is allowing discontent among the policemen to gather strength and then go panicky when their patience runs out.

The AITUC leader has said, it is high time that the Government gave up its undemocratic stance towards people's demands.

Mr Gupta demanded sack of Chief Minister Bhosale Home Minister and the IG of Police for their irresponsible and complacent attitude.

CSO: 4220/7813

CPI LEADER'S LETTER FROM MOSCOW STIRS DISSENSION

Calcutta THE STATESMAN in English 11 Aug 82 p 9

[Text]

NEW DELHI, Aug. 10.—Evidently, the ideological differences in the Communist Party of India over the questions of the party's teaming up with the Bharatiya Janata Party in the recent Haryana election and going with it in the presidential election did not end at the meeting of the national council, the highest policy making body, held in the last week of July here.

A letter written by Mr Yogen-dra Sharma, a very senior leader of the CPI, from Moscow, meant to reach on time for the meeting of the national council, had questioned the political line of the party's official leadership of opposing the Congress (I) on these two occasions.

Mr Sharma's letter is said to be proving a rallying point for the critics of the official leadership and has not sunk the differences in the party even after the national council had endorsed, by "an overwhelming" majority (as claimed by the general secretary, Mr C. Rajeswara Rao), the stands taken by the official leadership—in aligning with the BJP in the Assembly and supporting the candidature of Mr Justice H. R. Khanna (retired) for the presidency.

The point Mr Sharma and his supporters—the number of the critics of the official leadership has increased since the meeting of the national council—are vehemently pursuing is that the CPI could not support the BJP, which is charac-

terized by the party as "pro-imperialist, pro-monopoly, communal and reactionary" Yet the official leadership has turned its face against the Congress (I) led by Mrs Gandhi which is "avowedly anti-imperialist, anti-monopoly."

It is also pointed out by the critics that the official leadership had called the BJP in the past and continues to do so even now the "new outfit of the RSS-Jana Sangh". At the time of the last Assembly elections (June 1980), the official leadership of the CPI had criticized the CPI (M) for its advocacy of "all-in Opposition unity, including the BJP". Even at the time of the 12th party congress held in Varanasi in March this year, the CPI had characterized the BJP as "the main danger" and had resolved to fight it.

Now the same official leadership of the CPI, the critics point out, had no hesitation in aligning with the BJP against the "anti-imperialist" Congress (I). The critics of the official leadership are small in number. However, Mr Sharma's letter brought to the fore the two parallel currents flowing in the CPI—one asking for an understanding with the Congress (I) and the other, led by the party's general secretary, Mr Rao, opting for the total hostility to the ruling party. The critics of the official leadership are also opposed to the CPI's close relationship with the CPI (M) even for joint mass struggles over national and international issues.

CSO: 4220/7788

CPI-M APPEALS TO KHALISTAN ACTIVISTS

Madras THE HINDU in English 11 Aug 82 p 10

[Text]

NEW DELHI, Aug. 10.

Mr. Harkishan Singh Surjeet, CPI (M) politburo member, has pleaded with the Akali Dal (Longowal) group to dissociate itself from the extremist slogan of Khalistan, terrorists activities and killings of people belonging to other faiths, to pave the way for cooperation between it and progressive elements in the Opposition.

Responding to the Akali Dal's appeal to non-Congress (I) parties for support to its cause, Mr. Surjeet says: "The struggle is on inside the Akali party between two trends, one which wants to take the party to the communal path — the path of extremism — and a trend which, while defending the genuine rights of the Sikh majority, wants to unite with the democratic forces. We are prepared to unite with you if you reject the first course."

In a 12-page "open letter" to Sant Harchand Singh Longowal, Mr. Surjeet has criticised the Sikh party for its failure to discharge its responsibilities as the major Opposition force in Punjab and for pursuing a policy which encouraged divisive and separatist elements, forgetting its traditions of anti-imperialism and communalism harmony.

Analysing the shifting trends of the Akali Dal politics, Mr. Surjeet argues against the fallacious theory that Sikhs are a nation and cautions the party against mixing religion and politics or the Sikh fundamentalism, on which is based the Anandpur Saheb resolution.

"Foreign imperialists are trying to destabilise our country to pave the way for their intervention. Punjab, a border State, is faced with this situation at a time when U.S. imperialism is resorting to massive arming of Pakistan, endangering the security of our country," he says, drawing attention to the encouragement received by the Khalistan movement from the U.S. and Canada. Mr. Surjeet finds fault with the Akalis for not denouncing the activities of extremists.

CSO: 4220/7789

COMMITTEE REPORTS ON CONDITION OF PUBLIC FIRMS

Calcutta THE SUNDAY STATESMAN in English 15 Aug 82 p 9

[Article by P. Sharma]

[Text] NEW DELHI--A 51-page report presented to the Rajya Sabha on Wednesday has highlighted the curious fact that Parliament is not being taken seriously by public enterprises. The first report of the committee on papers has dealt with delays in the presentation to the House of annual reports and audited accounts of public sector undertakings.

It has analysed 199 companies and found that only 60 of them had submitted their audited accounts and the annual reports by the stipulated time (by December 31 each year) by the statutory provisions and the directions of Parliament. A public sector undertaking is expected to finalize its accounts before the expiry of six months from the closure of the accounts. Its reports should be placed on the table of the House by the end of another three months. The committee has found that only one of the three public sector undertakings had complied with the requirements of the Act and Parliament.

The committee has noted that out of 199 public sector companies, only 60 with the investment of about Rs 10,441 crores have presented their report to the Council of States by the scheduled date. "Parliament is keenly interested to know the functioning and the progress made by the public enterprises not only from the point of view of ascertaining the outcome of huge amounts drawn from the public exchequer but also from the wider concern of the national economy on the whole. As on March 31, 1981, the 199 public enterprises covered by the public enterprises survey, 1980-81, accounted for a total investment, by way of equity and loan, of Rs. 22, 481 crores", the committee has observed.

The committee has passed strictures against a number of enterprises which are under the administrative control of the Central Ministries. "The committee takes a serious view of the lapse of the concerned Ministries which had failed to lay on the table of the House the reports of as many as 139 Government companies (involving investment of Rs 12,040 crores). The committee expresses its anguish in particular that the enterprises under the Ministries of Commerce, Industry and Steel appeared to be rather complacent in submission of their reports to Parliament. The Ministries by not laying the reports of these companies had denied the opportunity to Parliament to have knowledge

of the functioning of the companies in time and the principle of accountability to Parliament got defeated in such cases".

According to Mr Era Sezhian (J), chairman of the committee, the worst offender has been the Ministry of Industry. Only seven of its 42 enterprises had submitted their reports to Parliament. The Ministry of Commerce with its 24 enterprises did not lag behind with the presentation of reports regarding only four undertakings.

Just one enterprise of the Ministry of Steel (out of its 14) submitted its report. Three enterprises of the Ministry of Food, five of the Ministry of Energy, three of the Department of Atomic Energy and three financial institutions and 11 undertakings of the Central Government all drew blanks. The exception was the Ministry of Communication whose three enterprises had submitted their reports.

One can imagine the enormity of the delay and the impact this lapse has had on the national economy on the whole. According to the 25th annual report of the Department of Company Affairs, there were 61,150 non-Government companies limited by shares in the whole country with an aggregate paid-up capital of Rs 3,823 crores as on March 21, 1981.

Though the public sector companies are very small numerically, the capital investment in these is much more than the entire private sector in the country. If the working and financial reports of a majority of the public sector undertakings are not made available to Parliament in time before the Budget discussion, no worthwhile planning or assessment can be made of the national economy.

The committee has recommended that copies of the annual reports and audited accounts of public undertakings comprising the following documents which are to be placed on the table of the Houses of Parliament should be laid within nine months of the closure of the accounts along with their annual reports and audited accounts. It has desired that efforts be made to bring the financial year of a company institution at par with that of the Government.

The committee has found that hitherto the bureau of public enterprises had not reported on the performance of the Government "deemed" companies under the Companies Act wherein the Central Government states and the public financial institutions had taken more than 51% of the shares. There were 52 such companies as on March 31, 1981. The committee has recommended that particulars on the working of these companies should also be collected and presented to Parliament.

CSO: 4220/7797

ASSAM COMMITTEE SCORES 'INDISCRIMINATE' DEPORTATIONS

Calcutta THE SUNDAY STATESMAN in English 15 Aug 82 p 9

[Text] NEW DELHI, Aug. 14--In a memorandum submitted to the Union Home Minister, Mr R. Venkataraman, the Citizens' Rights Preservation Committee, Assam, has vehemently opposed, what it calls, the "push back" operation launched by the State Government. According to the system, "thousands" of people living in the State are being "thrown back into Bangladesh".

At a Press conference yesterday, the committee president and former Assam Minister, Mr A. F. Osmani, said a team composed of himself, the working president, Mr Nripati Ranjan Choudhury, the vice-president, Mr Tarapada Bhattacharyya, joint secretary, Mr Naresh Chandra Das, and the Organising secretary, Mr Nazrul Islam, complained to the Union Home Minister that whereas the Centre was yet to decide about the modalities to identify the "so-called" foreigners in Assam. The State Government had began "indiscriminate and arbitrary deportation of Indian nationals belonging to religious and linguistic minorities without giving them reasonable opportunity to prove their bonafide".

A memorandum submitted to the Union Home Minister said "Even citizenship certificates are not being honoured. About 25 families are being deported every night through Mahisashan (Cachar), and Golakganj, (Goalpara), border check-posts".

They alleged that the refugees settled in Assam had not been issued any "patta", and were therefore, being threatened by the "vigorous eviction policy of the State Government"

The delegation accused the State Government of encouraging the agitators and of gradually replacing loyal officers with secular by pro-agitation officers in responsible positions". The memorandum added: "If the present policy of appeasing the pro-agitation officers is pursued, then it is doubtful whether elections will be possible in March 1983".

CSO: 4220/7797

ANALYST BLAMES ECONOMIC ILLS ON CREDIT SQUEEZE

Bombay THE TIMES OF INDIA in English 16 Aug 82 p 8

[Article by Prem Shankar Jha]

[Text] IS industry experiencing a recession or not? This question has become a major bone of contention between the government and industry. The facts of the present situation are simple enough. There has been a slackening of demand for a large range of products in the first six months of this year. These include not only tractors, trucks, tyres and pumpsets, about which a great deal has been written already, but also steel, aluminium, a wide range of petrochemicals such as caustic soda to thermoplastics, nylon, polyester and viscose fibres, cotton textiles, and cement. Production has not begun to drop in all of these yet. For instance there were increases in the output of aluminium and cement even in April and May, but there has been a dangerous build-up of inventories in all of them.

The current unsold stock of steel is 1.2 million tonnes, and of polyester fibre over 3,000 tonnes. In tractors, the retail dealers' inventories had mounted to 7,678 at the end of March (against 2,411 a year earlier) before production was finally cut down drastically in April to 5079 tractors (against 6,977 in the same month of 1981). In trucks, the situation is even more serious; Ashok Leyland and TELCO have stocks of over 6,000 to 7,000. Simpson, the other truck maker, closed down a little while ago. Now Ashok Leyland is reported to have closed down its heavy vehicles division. TELCO's production has dropped from 3,721 trucks in January to 2,269 in June.

Severe Credit Squeeze

While industry claims that these are sure signs of recession in the economy, and that the most important but not the only cause is the severe credit squeeze applied by the Reserve Bank between October 81 and April 82, the government and its economists have come up with the theory that there is a lack of long-term buoyancy of demand in the economy, and that the spurt in demand and output in 1981 was caused mainly by a recovery of agricultural demand after the bad crop of 1979-80. Since notwithstanding what industrialists propose, it is the government that ultimately disposes, the official theory of a long-term slackness of demand needs to be looked at closely. The dispute between industry and the government is fundamental. Industry believes that supply is

being choked and demand cut down artificially by cutting credit, but the government believes that there is just not enough demand and that this is due to underlying structural weaknesses in the economy temporarily masked by the recovery of 1980-81. But what are these structural factors? On this there is not even a hint in the official pronouncements.

It is this very lack of precision that lends the theory its air of profundity. Each reader or listener, finding himself puzzled, jumps to the conclusion that his own understanding must be deficient. A few references to unspecified economic studies and projections complete his surrender to the pundits. But what can the government be meaning? Why should demand show signs of slackening after a single year's buoyancy, in a dirt-poor country? After all is not this a disease that afflicts the super-affluent? A close examination of the available evidence shows that the slackening demand theory is a creature of convenience, coined to deflect criticism of the unnecessarily severe squeeze applied to bank credit by the government in October last year.

To reveal its hollowness, it is necessary to revert to economic theory. The oldest law in economics is a law which states that "supply creates its own demand". Put in another way it means that every act of production creates the income that is needed to buy the produce. This income, which is exactly equal to the price of the product goes into paying for the labour, the raw materials and other services consumed in the production process, and into profit. The recipients of this income or profit consume the bulk of it and save the rest. In the economy as a whole the savings finance the manufacture and installation of fresh capital goods, i.e. investment. If this law held good at all times, there would never be a recession or any long-term imbalance of demand and supply. So obviously it does not. The place where it is supposed to break down is in the savings-investment equation. As Keynes showed income earners' decisions to save may exceed or fall short of producers' decisions to invest. In the former case demand may fall short of supply and inventories may start rising, forcing cutbacks in production.

Bank Deposits Drop

Obviously this can be either a temporary or an enduring phenomenon. But in either case what are the signs one should look for to establish this lack of buoyancy of demand? If savings were tending to rise inordinately there should have been a sharp increase in time deposits with the banking system in the last six months. But actually, exactly the opposite happened. After October '81, the rate of growth of time deposits slowed down very sharply. So much so that they grew by only 2.4 per cent from the end of that month till the end of February 1982. From April this year, the rate of growth of time deposits has risen, but to only two-thirds of what it was in the first four months of 1981-82.

If savings have not suddenly risen, has investment, and more important, investment decisions fallen? Once again, to judge by the amount of capital raised in the share and debenture markets, the answer is an emphatic no. For against Rs. 70 crores in 1979-80 and Rs. 113 crores in 1980-81, the capital raised in 1981-82 came to Rs. 452 crores! There has also been a substantial increase in lending by the long-term lending institutions.

The absence of this "deflationary gap" between savings and investment also tends to rule out another explanation for the lack of buoyancy of demand. This is the steadily worsening distribution of income. According to this theory, since the rich consume a smaller share of their income than the poor, if they become rapidly richer there will be a slackening of demand especially for staple consumer goods. But the assumption that the rich consume proportionately less and save more has been questioned repeatedly all over the world because it does not fit facts. In India, where the ratio of savings to national income was growing by leaps and bounds between 1975 and 1980, the largest amount of additional saving was being done by the recipients of remittances from relatives working abroad. This was not by any means an affluent class.

All that a shift in income distribution can safely be assumed to do is to change the pattern of consumption away from simple and cheap consumer goods to luxuries and durables. But this will only alter the pattern of industrial production and not necessarily slow it down.

If there is no deficiency of investment in relation to savings then where could a deficiency in demand come from? The frequent references to 1980-81 as a year of recovery seem to indicate that the culprit is the farmer. While he was prepared to spend a lot in the first good year after the 1979-80 drought, now that he is back on an even keel age old habits of thrift are reasserting themselves. This view is bolstered by the fact that agricultural production has not, after all, grown much after 1978-79. In foodgrains, for instance, the estimated output for 1981-82 of 134 million tonnes is only a little over two million tonnes higher than the output in 1978-79. The farmers' real income is not therefore showing a rising trend. This is why, after the spurt in 1980-81, demand from this important sector is tending to stagnate.

This theory is plausible, but it does not fit the facts either. The amount that the farmers buy depends not on how much they grow but how much they sell. There is a wealth of evidence, stretching back to the onset of the wheat revolution in 1968, to show that the market surplus rises sharply not in the first but the second good year after a drought. This is what happened in 1978-79, and again in 1981-82. Thus the spurt of demand that followed agricultural recovery in 1980-81 should have been more marked, or, at the very least, have continued this year. Instead it is precisely after the second bumper kharif crop hit the market at the end of 1981, that the signs of a downturn began to appear.

Payments Deficit

There is at present only one factor operating in the economy to depress domestic demand. This is the large gap that has opened in the country's balance of payments. Last year the outflow of foreign exchange amounted to over Rs. 2,000 crores. In contrast to what happens when money is spent on domestically produced goods, when the money is spent on imports, its further circulation occurs in another country and therefore does not stimulate demand at home. This is why all economists have treated a surplus of imports over

exports as deflationary. It is akin, in its effect, to a rise in savings, but does not get reflected in a rise in time deposits.

The trouble with this explanation is that it is incomplete, for it fails to explain the behaviour of the Indian economy over the last two and a half years. The balance of payments gap appeared at the end of 1979 and increased sharply in 1980. Yet in neither year did the drain cause the slightest deceleration in the price rise or any slackening in demand. This slackening occurred only in 1982, two years after the payments deficit appeared. Clearly some other additional factor has been responsible for the different behaviour of the economy this year and this can only be the credit squeeze of October 1981.

CSO: 4220/7799

G. K. REDDY ON INDIAN ATTITUDE TOWARD SUMMIT

Madras THE HINDU in English 11 Aug 82 p 1

[Article by G. K. Reddy]

[Text]

NEW DELHI, Aug. 10.

The Speaker of the Iranian Majlis, Hojatolislam Ali Akbar Hashemi Rafsanjani, a confidant of Ayatollah Khomeini, said on arrival in Delhi today that Iran would like India to host the non-aligned summit.

The second most important political figure in present-day Iran, he will be meeting the President, Vice-President, the Prime Minister and the External Affairs Minister to voice Iran's strong opposition to holding the summit in Baghdad in the present circumstances.

Though he is visiting India only as a leader of a parliamentary delegation, Mr. Rafsanjani will engage in wide-ranging political discussions with the Indian leaders on bilateral and regional issues. He has brought along with him the Iranian Minister of Steel and Metals, Seyyed Hussein Musaviani, and two Deputy Ministers from the Ministries of Foreign Affairs and Commerce to assist him in the discussions.

Visit significant: The Government of India is attaching considerable importance to Mr. Rafsanjani's visit, since he is the first top-ranking Iranian dignitary to come to India after the Islamic revolution. But, in its anxiety to strengthen the country's traditionally close relations with Iran, India is not going out of its way to line up with those who want the summit venue shifted because of the war situation.

It is in this context that the External Affairs Minister, Mr. P.V. Narasimha Rao, has described the suggestion that the summit should be held in Delhi as no more than a hypothetical proposition at this stage, since efforts are under way to resolve the controversy to the satisfaction of all concerned in the larger interests of the non-aligned movement. Though it has not declined to host this summit in Delhi, the Government has been careful enough to avoid the impression that it is keen on doing so, to assume the leadership of the community, before the country's turn comes in 1985 in the normal course.

One of the suggestions made by some countries close to Iraq is that the summit could be held in Delhi at India's convenience in early 1983 on the understanding that the next summit in 1985 or 1986 would take place in Baghdad. It would be more in the nature of swapping their

turns by India and Iraq without any overtones of denying Iraq the honour of hosting the present summit.

Mrs. Gandhi's suggestion: At her separate meetings with the Iraqi Foreign Minister, Mr. Sadoun Hammadi, and the Cuban Vice Foreign Minister, Mr. Peregrine Toras, the Prime Minister, Mrs. Indira Gandhi, suggested that Iraq and Cuba should resume their dialogue and come to an understanding about the venue and timing of the summit, instead of insisting on having a Foreign Ministers' meeting, whether it is in Havana or in Baghdad itself, to take the decision.

The Cuban Foreign Minister, Mr. Isodoro Malmeirca, went to Baghdad early this month to persuade Iraq to seek a postponement of the summit because of the war situation. But the Iraqi President, Mr. Saddam Hussein, wanted the summit held as scheduled, since any postponement, even without a change of the venue, would be regarded as a political victory for Iran and, consequently, a slap on Iraq's face.

The Cuban Vice Foreign Minister, Mr. Toras, readily agreed to Mrs. Gandhi's suggestion and offered to meet Mr. Hammadi in Delhi itself to resume the dialogue with Iraq on this contentious issue. But, unfortunately, the Iraqi Foreign Minister left for Baghdad immediately after his talk with Mrs. Gandhi yesterday afternoon.

Diplomatic efforts: An effort is, therefore, being made through diplomatic channels to arrange a meeting between the Iraqi and Cuban Foreign Ministers in the next few days to sort out this issue. It is quite possible that the Cuban Foreign Minister might pay another visit to Baghdad in response to the Indian suggestion.

After the fiasco of the Organisation of African Unity (OAU) summit in Tripoli which could not be held for want of a quorum, the leading members of the non-aligned community do not want to take any risk of some countries boycotting the Havana meeting, or refusing to attend even the Foreign Ministers' conference in Baghdad, in this controversial atmosphere. And India is particularly keen that whatever decision is taken about the venue and timing of the summit should reflect the broad consensus among the member-States.

GO-AHEAD FOR MARUTI VEHICLE PROJECT GIVEN

New Delhi PATRIOT in English 18 Aug 82 pp 1, 7

[Text] The Government on Tuesday approved the Maruti small car, micro-bus and pick-up truck project in collaboration with the Suzuki Motor Company of Japan involving a total investment of Rs 269 crores, report UNI, PTI.

The project, having a foreign exchange component of Rs 89 crores in Gurgaon in Haryana, will have a licensed capacity of 140000 vehicles plus 20 per cent spares, 100,000 engines and transmission equipment and 20 per cent spares of these, according to an official spokesman.

A decision in this regard was taken at the meeting of the Cabinet Committee on Economic Affairs in the evening.

The spokesman said Maruti Udyog will be a wholly Government-owned company with provision for setting up a subsidiary in which the Centre will have more than 51 per cent of the shares. Foreign collaborators will be permitted in equity shares not exceeding 40 per cent. The balance will be offered to financial institutions and others.

In the Sixth Plan, the provision for Maruti Udyog will be enhanced by Rs 52 crores. The allocation for Maruti in the Seventh Plan will also be increased by Rs 48 crores.

The Government proposed that Maruti Udyog would go into production by the end of next year. There will be a trial production of 2000 vehicles during the first quarter of 1984.

The company proposed to go into commercial production by 1984-85, starting with 20,000 vehicles. Thereafter, every year the company would increase its production by 20,000 vehicles reaching one lakh vehicles production in 1988-89.

Maruti Udyog will manufacture three types of vehicles. These are A four-door, four seater, petrol driven car with front wheel drive. It will run 20 km per litre on 92 octane petrol. (b) A petrol driven rear-wheel drive micro-bus (capacity-seven passengers) with a rear hatch door. At a later stage, a high roof version could also be taken up, and A petrol-driven rear-wheel drive pick-up truck with a rear opening tail gate.

Many facilities and most of the components for all these vehicles will be common.

INDIAN AMBASSADOR'S 17 AUG UN SPEECH REPORTED

New Delhi PATRIOT in English 18 Aug 82 p 7

[Text] UNITED NATIONS, Aug 17 (PTI)--INDIA today voiced its "deep concern and regret" over the "constant threat" of the American veto which has prevented any meaningful action by the UN Security Council to the Israeli aggression on Lebanon.

India's permanent representative at the UN, N Krishnan, told the emergency session of the General Assembly on the question of Palestine: "While the members of the Council meet and disperse in despair, wringing their hands helplessly, Israel is tightening its noose around Beirut".

Mr Kirshnan regretted that even the call by the Security Council on member states to suspended arms supplies to Israel while aggression in Beirut continued could not be adopted by the Council because of the US veto.

Mr Krishnan rejected the argument that delicate and protracted negotiations under way in Beirut should not be compromised in any way by the action of the Security Council. "Even the most naive among us would not longer be persuaded that the United Nations should stand immobilised on the side-lines when Israel has made it abundantly clear that notwithstanding all these negotiations, it seeks to arrogate to itself the right to arbiter not only the fate of Beirut and the whole of Lebanon but also the future of the people of Palestine and the PLO".

Mr Krishnan said the tactics of Israel amounted to one of the greatest violations of civilised conduct the world had seen in recent times.

The Indian ambassador called the attention of the General Assembly to the 'deliberate and distorted' emphasis sought to be put on the presence of the PLO in Lebanon by Israel and its supporters.

Mr Krishnan noted that the PLO had repeatedly declared its readiness to move its armed forces from Beirut within the framework of the understandings reached at the Arab ministerial conference in Jeddah. But Israel was using the argument of PLO presence as part of a diabolical plan to wipe out of existence the PLO even if it meant razing the whole of Beirut to the ground.

But, he added the saving of Beirut and the transfer of the PLO forces, was not and could not be the end of the matter. Israel could not be permitted to remain any longer on the territory of Lebanon, under any pretext whatsoever. It must be compelled to withdraw without any delay to its own international border with Lebanon.

The Indian representative suggested that having secured this objective the United Nations must go further, to tackle the root cause.

Mr Krishnan warned the General Assembly that if the United Nations did not act decisively to discipline the conduct of Israel in conformity with the charter, the credibility of the world body which was already low would be further eroded.

CSO: 4220/7806

EXPERTS URGE STRENGTHENING OF INDIAN NAVY

Calcutta THE STATESMAN in English 19 Aug 82 p 13

[Article by Nirmalya Banerjee]

[Text] DEFENCE experts feel it is imperative for India to improve on the early warning systems available with the Navy in view of the introduction of sophisticated aircraft and missiles in the sub-continent. The electronic counter measure facilities also require improvement. The importance of air-borne early warning systems such as the AWACS and the Hawk Eye are stressed in this regard.

It has been noted that Pakistan has already acquired a few Exocet missiles. The missile has demonstrated its versatility in the Falkland war by sinking the British warship HMS Sheffield and the merchant ship Atlantic Conveyor.

The Exocet which is an active radar homing missile, can be fired from an aircraft or a helicopter and has a range of more than 40 kilometres. The pilot can afford to fire the missile in the general direction of the enemy ship and "forget about it" The missile swoops down on the target at a speed of 700 knots an hour, skimming the sea at a height of three metres at the last lap. Five miles away from the target, it is activated and homes on to it. The success rate is very high.

The experts have also noted that Pakistan has already obtained almost exclusive rights for use of the missile in the context of the Indo-Pak sub-continent. The platform that Pakistan has at its disposal for firing the missile is the Sea King helicopter. But, the missile needs some modifications if it is to be fired from a Sea King. Information available with the Indian experts reveal that Pakistan has paid the French manufactureres for modification of the missiles and has also obtained a condition that the modification version of the missile would not be sold to any other country.

British ships are likely to be equipped with different types of defence against such missile. But, for India the easiest way out is to organize its defence at sea. The best way, however is to destroy the platform that fires the missile before it can reach the firing range. This requires interceptor aircraft.

The choice automatically falls on the Sea Harrier, which has proved its worth in the Falkland war. A comparison of strength of the naval air arm of Argentina vis-a-vis that of Britain in the war published in the Navy International, shows that the former had a substantial numerical superiority. Argentina's fleet air arm had 19 Mirage III E strike fighters, nine Canberra light bombers, 45 Pucara light attack aircraft, 40 Skyhawk strike fighters and six Super Etendards (from which the Exocets had been fired) in addition to a host of smaller fighters, transport aircraft and assault and anti-submarine helicopters.

Against this, the backbone of the British fleet air arm was provided by 16 Sea Harrier naval fighters, and 30 Sea King antisubmarine helicopters. Yet in the bargain, Britain lost only six Sea Harriers against 70 aircraft lost by Argentina

Experts attach a high combat rating to the Sear Harriers, which are fitted with air-to-air missiles. The versatility of the aircraft is derived from its short take-off capability and the vectored thrust which enables greater control of the jet propulsion. As a result, the aircraft can drop speed and gain it quickly, which is an important advantage in a dog fight. Though India will soon acquire Sea Harriers, it is felt that the number that has been ordered is too small to make it a viable force.

Others stress the importance of strengthening the sub-marine arm of the Navy. The exponents feel that the Falkland war has exposed the weakness of the surface ships to air attacks. A number of British ships have been easy prey of Argentine aircraft. To counter the threat one must take the war at sea under water.

Supporters of this view stress the importance of nuclear submarines, which have the ability to stay indefinitely under water. Indeed, they have often been regarded as the "ultimate weapon". But it is also pointed out that a nuclear sub-marine to be cost-effective should be used as carriers of strategic nuclear weapons.

CSO: 4220/7809

BOMBAY POLICE REVOLT MAY LEAD TO CHANGES IN STATES

Madras THE HINDU in English 20 Aug 82 p 9

[Article by G. K. Reddy]

[Text]

NEW DELHI, Aug. 19.

The Bombay police revolt has shaken the Central leadership which, for one reason or the other, has been avoiding harsh decisions at the political level for improving the quality of administration in some of the Congress (I)-ruled States, where the imposed Chief Ministers and their satraps have been playing havoc with the services.

It is now clear that, after what has happened in Maharashtra, the Prime Minister will have to face the realities in these States, before further damage is done through a combination of local incompetence and Central inaction.

Those who are in a position to advise Mrs. Gandhi are proceeding on the assumption that heads will roll soon to make way for more capable men. But there is no indication yet which one is going to roll first, whether this dubious honour will go to Maharashtra after what has happened in that State.

Not an isolated event: When a similar situation arose in Uttar Pradesh a few years ago in the wake of the Provincial Armed Constabulary's revolt, Mrs. Gandhi did not hesitate to ask the Chief Minister, Mr. Kamlapati Tripathi, to step down. The situation now is much more serious in the sense that the police revolt in Maharashtra is not an isolated event, as in the case of the PAC revolt in U.P. at that time, because it is indicative of a much deeper malaise afflicting the police in several other States.

The Centre has known for quite some time that in States like Maharashtra and Madhya Pradesh, U.P. and Bihar, Haryana and Punjab, not to speak of Orissa and Rajasthan, the morale of the bureaucracy has been badly affected by constant political interference in the functioning of the day-to-day administration.

The services have been politicised to such an extent that officials known for their ability and integrity have been penalised in many cases for not acquiescing in wrong actions, while inexperienced and undeserving ones have been catapulted into key positions in contravention or seniority rules.

The Chief Ministers felt emboldened to act in this arbitrary manner ignoring rules and regulations because the Centre itself had set a bad precedent both during and after the emergency. But they failed to exercise the necessary restraint, when the Centre started realising better late than never the harm done to the administration and started taking steps to set matters right by respecting seniority and recognising merit again.

Damage to services: The damage done to the services is nowhere more noticeable than in the police establishment, both at the Centre and in the States. The result is widespread unrest bordering on disaffection in many cases, leading to unionised agitations and other acts of indiscipline. The professional rapport between senior officers and men got disrupted giving rise to the disconcerting feeling that those at the top had no interest at all in the welfare and working conditions of the ranks down the line.

Ugly incidents: The two top security agencies at the Centre — the Intelligence Bureau and the RAW — were equally affected by this unrest leading to some ugly incidents. The Government has been cautioned, from time to time that though the police agitations as such have been controlled, the simmering undercurrent of discontent was continuing which could erupt again into open defiance at the slightest provocation.

But no action was taken despite these repeated warnings since the question of police discipline could not be tackled in isolation without facing the more damaging issue of increasing political interference with the administration.

It raised the larger question of probity at

the higher political levels in the States, where the politicians in power have been misusing the administrative machinery for subserving their own self-interests.

The Prime Minister with all her unquestioned authority has not been able to come to grips with this problem, because she tended to regard the need for replacing an incompetent or corrupt Chief Minister as an indirect reflection of her own choice of the person concerned in the first place. It is this psychology that made her put off even changes overdue in many States until these became unavoidable at some point.

Centre can't be complacent: After what happened in Bombay, the Centre can ill-afford to remain complacent since the risks involved are much graver now than ever before, when Mrs. Gandhi could put down any incipient party revolt against a Chief Minister by threatening the dissidents with disciplinary action.

It is not only the reputation of the ruling party that is at stake now, but the very structure of administration is getting eroded even in States like Maharashtra which had the reputation of being among the best governed in the country.

It is not only the policy of imposing unwanted Chief Ministers on States but also the habit of appointing as Governors those who could not be accommodated elsewhere has undermined the prestige of the State Governments. It is not a happy thought that the Army had to be called out to quell the police revolt in Bombay, when the Central and State Governments have nearly half-a-million paramilitary men at their disposal to assist the civil administration.

CSO: 4220/7912

ADVANTAGES OF SCIENTIFIC COOPERATION WITH U.S. ASSESSED

Madras THE HINDU in English 14 Aug 82 p 8

[Text] THE DECISION TO heighten the level of scientific cooperation between the United States and India taken during Mrs. Gandhi's visit to Washington holds the promise of tangible benefits in the long run. A joint Indo-U.S. scientific task force was announced to identify areas of mutual interest with the probability of maximum payoff and also the best possible people to work on the problems. This has been followed through fairly quickly and our Washington correspondent reports that an advance team of American scientists is to visit India in December for detailed discussion. The areas it will concentrate on will be increasing food production, production and conversion of biomass, leprosy, nutrition and immunology, most of them fields of ongoing cooperation between the two countries. The focus of scientific cooperation since the Indo-U.S. sub-commission on science and technology was formed in 1974 has been on health and energy. For this year, the U.S. has provided a grant of Rs. 4.5 crores for research on biomass production and conversion, energy efficiency and information exchange on new and renewable sources of energy. At the last meeting of the sub-commission, an agreement was also reached on involving Indian scientists in the design, construction and operation of a pilot ocean thermal energy conversion plant in Hawaii. In the field of health joint research relates to viral hepatitis, leprosy control, the development of a vaccine against malaria and family planning methods. Some collaborative projects have already yielded results — the work done at the National Institute of Nutrition in Hyderabad on nutritional blindness could make it possible to delay the onset of cataract by 10 years, according to the Director General of the Indian Council of Medical Research. A high pressure campaign has been mounted in recent months to persuade scientists of Indian origin working in the U.S. to help on a sustained and systematic basis by associating themselves with research bodies in India. Efforts to form a "brain bank" in biotechnology, drawing on an

estimated 400 scientists of Indian origin working in this area in North America have met a fair response. American private investment may not find India with its selective policy and half open door particularly attractive, but the U.S. has been the leading foreign collaborator in recent years — in 1980, 158 of the 425 foreign collaborations approved were with American firms. The technology transfer arrangements include the hiring of a U.S. firm to enhance secondary oil recovery in the Sanand oil field in Gujarat through the method of polymer flooding and the transfer of know-how and operational assistance from another for the special cold rolled steel project at Rourkela.

In the arrangements for scientific and technical research with the U.S., two factors stand out. The first is that despite the repeated disclaimers that there is no aid relationship but only the cooperative involvement of scientists from both the countries, there can be no doubt — given the much greater level of scientific activity and the advances on the other side — that the flow of benefits will be, almost without exception, one way. The contribution made by Indian scientists to U.S. science no doubt moderates to some extent the degree of asymmetry in the relationship, but the country is clearly a long way from becoming an equal partner in the joint scientific endeavour. The second factor is that while some frontier areas such as cosmic physics and biotechnology are also covered, the bulk of the cooperation relates to health and energy, areas that are condescendingly described in the industrialised countries as "relevant" to India's problems and stage of development. Cooperation in these fields is no doubt valuable, but Indian science must also push ahead decisively in the newer areas such as space, nuclear energy, electronics and computer science if the country is to modernise rapidly. Very little of cooperation will be forthcoming from outside in these strategic areas, and clearly the country will have to strike a self-reliant path if it is not to be left behind.

INDIA, ARGENTINA TO BOOST TRADE TIES

Bombay THE TIMES OF INDIA in English 14 Aug 82 p 9

[Text]

NEW DELHI, August 13: India and Argentina have decided to expand and strengthen economic ties.

The current visit of the Argentine vice-minister of international economic relations, Dr. Felix Alberto Pena, will be followed by a study tour of India by an industrial mission from Argentina.

Dr. Pena and Mr. Romesh Bhandari, secretary in the external affairs ministry, held talks today. The Argentine delegation presented to the Indian side a set of computer data which can lead to an increase in bilateral trade.

The meeting decided to examine the feasibility of starting a direct shipping service between India and Argentina.

Science and technology and space research were two of the areas identified by the two sides for increased co-operation.

The Argentine industrial mission will visit India in January to explore the possibilities of enhancing industrial co-operation and trade between the two countries.

Dr. Pena, in his address to the Association of Indian Engineering Industry, said he had presented to the government here two draft treaties on economic and scientific co-operation.

He said a regular shipping service between India and Argentina would go a long way in promoting trade between the two countries.

CSO: 4220/7792

BRIEFS

AIR CHIEF MARSHAL'S DEATH--NEW DELHI, August 13 (PTI)--Air Chief Marshal P. C. Lal, former Chief of the Air Staff and hero of the Indian Air Force's creditable performance in the 1971 operations, died in London today. According to reports reaching here, Air Chief Marshal Lal, who had been flown to London on August 9 with a heart ailment, died at the Dr. Yakub Hospital at 3.30 p.m. (IST). His wife was at his bedside when he died. Air Chief Marshal Lal, 66, was the chairman of both Indian Airlines and Air-India after his retirement. He is survived by a son and a daughter. The body of the former air chief is being flown back by an Air-India flight tomorrow. He will be given a funeral with full military honours, according to a defence ministry source here. [Bombay THE TIMES OF INDIA in English 14 Aug 82 p 1]

AMBASSADOR TO FRG--NEW DELHI, Aug. 13--Mr. R. D. Sathe, former Foreign Secretary, is being appointed as Ambassador to Bonn. [Madras THE HINDU in English 14 Aug 82 p 9]

KARNATAKA GROUPS UNITE--BANGALORE, Aug. 20--The Karnataka Kranthi Ranga, founded by Devaraj Urs, and the former KPCC(I) chief, Mr S. Bangarappa's group today decided to "unite" to form an "alternative force" to the ruling Congress (I) in Karnataka, reports PTI. The decision coincided with the 68th birthday anniversary celebrations of Urs, and was taken at a joint executive committee meeting of both Kranthi Ranga and Bangarappa group and announced at a convention. The members of the Karnataka Kranthi Ranga, including its president, Mr J. H. Patel and Mr Bangarappa and his followers were present at the convention. The joint executive committee, according to a spokesman, authorized Mr Bangarappa and Mr Patel to work out the modalities for the future of the organization and formation of various committees. [Calcutta THE STATESMAN in English 21 Aug 82 p 9]

BANGLADESH ENVOY--NEW DELHI, August 21--The new Bangladesh high commissioner, Air Vice-Marshal Khandker, said today that Dacca was happy with the existing state of Indo-Bangladesh relations, though scope existed for further development of ties, notably in the economic and commercial fields. The high commissioner was presenting his credentials to the President, Mr. Zail Singh, at a simple ceremony at Rashtrapati Bhavan today. Mr. Khandker, however, commented that differences between nations were unexceptional. But he asserted that what was important was that differences should be approached with goodwill, in good faith and with the political will to seek a solution. The air

vice-marshal expressed satisfaction that the countries of South Asia had responded favourably to the idea of setting up of a South Asian forum for regional co-operation, and also that India and Bangladesh and decided to set up a joint economic commission. [Bombay THE TIMES OF INDIA in English 22 Aug 82 p 9]

AMBASSADOR TO ROK--Miss Arundhati Ghose, Minister in the Embassy of India, Brussels, has been appointed ambassador to the Republic of Korea, reports UNI. She succeeds Vasant Vasudeo Paranipe. [New Delhi PATRIOT in English 24 Aug 82 p 1]

CSO: 4220/7820

FOREIGN DEBT REPAYMENTS AT SATISFACTORY LEVEL

Kuala Lumpur BUSINESS TIMES in English 26 Aug 82 p 2

[Text]

JAKARTA, Aug. 25

INDONESIA is in the relatively happy position of having its foreign debt repayments form less than 20 per cent of its total export value, a spokesman of the central bank said yesterday.

Overseas debt payments for the 1981-82 fiscal year (until April 1, 1982) totalled US\$1.649 billion (including US\$840 million for loan interests) or 11.6 per cent of export value that for the same period reached US\$14.269 billion, the spokesman said.

The previous fiscal year, exports totalled US\$16.188 billion and debt payments reached 8.2 per cent, he added.

The government has paid a total of US\$7.745 billion (including interest) since 1970 for overseas debts of US\$28.490

billion, which included commercial borrowing, soft loans and cash loans.

Debt repayments reached around 14 per cent of export values in 1978-79, when the government had to pay US\$1.117 billion while exports totalled only US\$7.989 billion, he said.

The increase of exports after 1978 had the percentage of debt repayments which dropped to 11.6 per cent for the 1981-82 fiscal year.

Indonesia experienced a crucial period in 1975-76 when it had to deal with massive debts incurred by the state-owned Pertamina Oil Company which totalled nearly US\$10 billion, he said.

As a result of the Pertamina crisis the government had to borrow cash totalling US\$1.049 billion

to service its domestic and overseas debts.

Indonesia received a total US\$4.700 billion in loans for the 1981-82 fiscal year, comprising US\$21.7 million for food aid, US\$1.805 billion for development projects, US\$2.525 billion of commercial or half-soft loans and US\$348 million of cash loans.

The commercial loans are being used to finance big projects including the expansion of liquified natural gas plants, fertilisers factories, hydrocrackers and others, he said.

Most of Indonesia's loans are provided by the World Bank, which lent some US\$750 million for the 1981-82 fiscal year, he added. — AFP

CSO: 4220/660

STATE TIN COMPANY DIVERSIFYING ITS OPERATIONS

Kuala Lumpur BUSINESS TIMES in English 11 Aug 82 p 22

[Text]

JAKARTA, Aug. 10
INDONESIA is in the
process of setting up a
tin-plating plant at
Cilegon, West Java.

The plant, costing \$235
million, will be the first of
its kind in the country,
with a production capaci-
ty of 130,000 tonnes a
year.

Research and develop-
ment director of the
state-owned PT Timah,
Mr Simatupang, said In-
donesia would be able to
save about US\$100 mil-
lion in foreign exchange
when the plant began
production.

He added that the
plant would get its supply
of tin from Bangka Is-
land. He expected that
the domestic consump-
tion of tin would be in-
creased from the present
600 tonnes to 2,000 tonnes
a year.

The company was also
planning to explore new
tin deposits in Kali-
mantan to increase over-
all tin production in
future.

Until now the com-
pany's mining and ex-
ploration activities were
restricted to certain on

and offshore regions in
Sumatra, including
Bangka Island.

Mr Simatupang said
PT Timah was setting
aside six to seven per
cent of its annual opera-
tional budget for explora-
tion.

In an effort to diver-
sify its activities, PT
Timah would soon go into
kaolin processing with
private interests on
Bangka-Belitung islands
in south Sumatra.

The proposed project
would have a production
capacity of 27,000 tonnes
a year, he said.

Meanwhile, a capital
intensive aluminium pro-
cessing plant which will
provide jobs to 1,000
workers is to be built here
soon to produce
aluminium sheet and foil
for domestic use.

The president of PT
Byoc Utama, Mr Oesman
Sapta, said arrange-
ments were being made
to secure Unites States
and West German in-
terests for the transfer of
technology in aluminium
production. — Bernama-
Antara

CSO: 4220/660

DRIVE TO ACHIEVE SELF-SUFFICIENCY IN SUGAR PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 11 Aug 82 p 19

[Article by Richard Cowper in Jakarta]

[Text]

INDONESIA, once one of the world's largest exporters of sugar and now an importer, has embarked on a drive to achieve self-sufficiency before the end of the decade.

In the short term, however, Indonesia is likely to remain a sizeable importer, though fears that last year's record import levels would continue for several years to come seem to be unfounded.

In 1981 Indonesia imported a record 768,000 tonnes of refined sugar, up 75 per cent on the 445,000 tonnes imported the year before. But with record stocks of approaching 500,000 tonnes in government warehouses and a 140,000-tonne increase in domestic sugar production forecast for 1982, the government may be obliged to slash anticipated imports of between 700,000 and 800,000 tonnes by more than a third.

Problem

Indonesia's falling sugar production levelled out in 1981 to 1.2 million tonnes of refined sugar and is expected to increase to around 1.41 million tonnes this year barring unforeseen weather disasters. This increase

is likely to be based on an increase in plant area on Java in response to the large increase in the government's fixed producer price for sugar which took place prior to the 1981 planting season.

The change in pricing policy — the government shifted the country's sugar price structure at every level to about twice the price prevailing in 1979 — is just part of its overall plan to achieve self-sufficiency in sugar production. The government realised that the then prevailing price structure merely encouraged sugar producers to shift over to more profitable rice cultivation. This had resulted in declining sugar output, and a steady increase in imports year after year.

Badly hit by this ever-rising sugar import bill — which hit an all-time record last year — in 1980 the Indonesian government embarked on a mammoth programme to regain self-sufficiency before the end of the decade.

The plan, which involves expenditure estimated at over US\$2 billion, is aimed at boosting Indonesia's production of refined sugar from around 1.4 million tonnes now to around 3.4 million tonnes by 1988. Though the programme

is beset by difficulties making the targets much too ambitious, the new effort is a welcome sign of the government's intention to rejuvenate the country's sugar industry.

In spite of Indonesia's massive employment problem, the fact that the sugar industry has always been highly labour intensive until recently seems to have escaped the notice of many of the nation's economic planners. Before the Second World War the industry employed around 500,000 people and was producing around three million tonnes of sugar a year. At that time Indonesia was second only to Cuba as an exporter. But government investment has been hard to come by and in the last 25 years output has never exceeded 1.3 million tonnes a year.

Though there have been some improvements since the regime of President Suharto came to power in 1965, more often than not neglect has been the order of the day. This is no longer the case. Next to self-sufficiency in rice, the nation's staple foodstuff, sugar is now being regarded as the government's top agricultural priority.

Work has already started on rehabilitating

27 out of the country's 58 sugar mills. At a cost of around US\$250 million the aim is to have rehabilitated 43 of them by 1983. At the same time the government is planning to set up 18 new mills and open up around 300,000 hectares of new land to sugar cane on the outer islands. The cost is estimated at around US\$1.8 billion.

Six of the mills have now been tendered for and the government plans to offer another six for bids sometime this year.

Sugar experts are of the opinion that few if any of the projects now on the drawing board could pay their way if they had to compete for sugar sales on the world market, though most welcome the government's drive to put new life into the industry. They say the targets are much too ambitious and extremely costly.

Apart from these difficulties, they say that finding enough skilled workers to run the factories and manage the plantations will be a major inhibiting factor. Indonesia should, however, be able to reach its goal of self-sufficiency some time in the early 1990s. — FT

PLANS FOR FLEET OF SAILING FREIGHTERS

Kuala Lumpur BUSINESS TIMES in English 12 Aug 82 p 18

[Text]

INDONESIA is still a sailing ships' paradise, with between 10 and 20 per cent of inter-island cargo still handled by small wooden-hulled freighters under sail carrying from 50 to 100 tons.

However, the country plans to introduce larger and more up-to-date sailing ships with mechanised rigging and the Hamburg Shipbuilding Research Institute and the Department of Shipbuilding at Hamburg University are doing the research and development.

The project is jointly sponsored by Indonesia and the Bonn Research and Technology Ministry.

The Hamburg shipbuilders are concentrating on schooner rigging, which runs the length of the vessel. Schooner-rigged ships can cruise better against the wind than square-sailed vessels.

Sails can also be handled more easily and with less danger on deck. Crews have to climb up the masts to rig square sails.

Extensive wind tunnel testing has been made on models with a variety of sail shapes made out of metal. The square gaffsail,

held in position by booms above and below, has been found to be better than the triangular sails. The latter, preferred by yachtsmen, have a boom below and run up to the mast above. The solution to the rigging problem proved to be a design using gaffsails rigged to several masts.

This is necessary because the size of individual gaffsails is limited and the large new sailing ships planned for Indonesia will need plenty of sail.

What the country has in mind is a fleet of sailing freighters with cargo capacities of between 800 and 2,200 tons (or substantially more than the present units) and three to five masts.

The prototype is scheduled to be built next year. Its capacity will be 1,400 tons and it will carry 1,600 square metres of sail on four masts.

Three masts will have 400-square-metre gaffsails. There will be a triangular headsail fore and aft.

The sails are considered unusually large at 400 square metres. Schooners today, which mainly sail on tour or as private yachts, have sails not larg-

er than 100 to 200 square metres.

Probably the largest sails ever used in commercial shipping were those of the *Preussen*, the largest sailing ship in the world, a square-sailed ship with roughly 300 square metres of lower sails.

Rigging is mechanised to make handling easier. Sails are rolled on to a rotating pole and can be raised or lowered by turning the pole.

This makes it possible to rig exactly the amount of sail required. The mast roller principle is already used in modern yachts. It would need to be applied on a much larger scale.

If rigging is to be mechanised, the upper boom or gaff must run parallel to the lower, main boom on board gaff schooners. This has not been customary in the past and may not be the most satisfactory solution in terms of aerodynamics.

However, this drawback carries little weight in comparison with the labour-saving effect.

The commercial sailing ships of the future will need an auxiliary engine for use when becalmed and power machinery such as the mast roller.

Engines will also be needed for docking but Hamburg engineers say engines are only a quarter of the size of those required

by other motor vessels of the same size.

Harnessing the wind will also make it possible to cut fuel consumption to between five and eight per cent of that of a conventional freighter.

Rigging will be mechanised to such a degree that manpower need not be larger than the crew of a conventional freighter of similar size.

The cruising speed of a sailing ship is clearly lower than that of a motor vessel, but that is sure to be of less importance than the fuel saving.

Wind tunnel trials have led the design team to expect the prototype to reach a mean cruising speed of five-and-a-half knots in the Java Sea.

That may be fairly slow, but it is 25 per cent faster than a square-sailed ship with sails of comparable size.

The Hamburg shipbuilders will first be trying out their rigging on a small scale on board a 10-ton freighter under sail in Indonesia.

Their next step will be to build a prototype of the 1,400-tonner envisaged for commercial use. The wind use could be tested in practice on this prototype.

Interest in modern sailing ship technology has been shown by other countries with comparable economic and weather conditions, such as the Philippines and Sri Lanka.

INDONESIAN COMMUNIST PARTY DENOUNCES SUHARTO DICTATORSHIP

Maputo TEMPO in Portuguese 6 Jun 82 pp 10-11

[Text] [At a press conference held in Maputo on 28 May, Indonesian Communist Party member] Umar Said, one-time editor-in-chief of a Djakarta daily newspaper and veteran of the anti-Dutch resistance in the 1940's, told about the present situation in Indonesia and in East Timor. He began by recalling the tragic scene brought about by the fascist coup d'etat in 1965. During the course of the coup, he said, approximately one million Indonesians were killed.

After describing the Suharto regime established in Djakarta by the bloody coup, Umar Said explained that the fascist dictator never would be able to tolerate the existence of a democratic country like East Timor on the Indonesian borders. He said that, the invasion of East Timor in 1975 was also an attempt to hide Indonesian internal contradictions.

To express his own indignation over the act of invasion, Umar Said said that he was "ashamed of being an Indonesian." Later, he declared that "for Indonesian progressives, the enemy of East Timor is also their own enemy."

"The Djakarta regime is a criminal regime insofar as the Indonesian people themselves are concerned." "Of the 180 million Indonesians, approximately 40 percent live on the edge of poverty. Five million workers in the cities live on less than a dollar per day." Besides making the above statements, Umar Said noted that there were 14 million unemployed, according to official statistics.

The Elements of Victory

Invited to explain his belief in eventual victory by the people of East Timor, Umar Said pointed to the increase of anti-Indonesian resistance within East Timor, to the growth of anti-Suharto opposition within Indonesia and to international solidarity as elements that would ensure triumph for the just Maubere cause.

"There are a large number of desertions in East Timor. There are Indonesian soldiers who not only desert, but who also join up with the FRETILIN [Revolutionary Front for East Timor Independence]." "The generals are beginning to fight among themselves, but they have not yet come to the point of trying a coup. Opposition is growing within the army," Umar Said related.

Among the workers, he emphasized, discontent with the Suharto dictatorship is increasing. "Year by year, there is an increase in the number of strikes," he said.

BRIEFS

PRK ARMY HEALTH PROBLEMS--Mosquitoes have caused more casualties to the Heng Samrin armed forces than have enemy forces, defence minister Bou Thang said yesterday. He ordered stricter enforcement of malarial prevention measures and attention to the advice of Vietnamese doctors in Kampuchea. In an order to the military, the Heng Samrin minister said that malaria has "seriously weakened the army," estimated at about 30,000 troops. "A number of combatants have died from serious cases of malaria," the order said. "The disease has sapped the strength of the army more than anything else. The number of cases of malaria has actually been greater than battlefield casualties." Bou Thang ordered every army unit to report once a week to the defence ministry that it has followed precautions against malaria, including ensuring that every soldier sleeps under a mosquito net; clearing underbrush away from encampments and making sure eating areas are kept clean. [Text] [Bangkok BANGKOK POST in English 15 Jul 82 p 2]

CSO: 4220/356

DEFUNCT COOPERATIVES REVIVED, WEAKNESSES ACKNOWLEDGED IN MOVEMENT

Vientiane SIANG PASASON in Lao 4 Aug 82 p 2

[Article: "The Progress of Cooperative Conversion in Our Country"]

[Excerpts] Since the plenum concerning the conversion of cooperatives issued by the political bureau three years ago encouraging the people's fine heritage in increasing collective production, all farmers nationwide are actively and enthusiastically participating in setting up cooperatives in their own localities. In order to continue their obligations in the first six months of 1982, provinces all over the country have improved and revived many co-ops and have also increased additional new co-op units. Up to now the co-ops nationwide amount to 1,769 units. This includes 1,092 units of rice growing co-ops, 630 units of mixed slash and burn cultivation, 2 units of coffee growing, 1 unit of mixed coffee growing and animal raising, and 1 unit of vegetable growing. The number of co-ops increased by 421 units as compared with the figures from late 1981. These included 339 units of revived co-ops and 41 units of newly set up ones. Many large villages in Xieng Khouang Province have been broken down into a large number of smaller villages. Thus, the co-op units were increased by 41.

The conversion of the agricultural co-ops in each province has been carried out differently. For example, in Houa Phan, Xieng Khouang, Phong Saly, and Oudomsai Provinces the co-ops are successfully organized in the base areas. Each year additional private farmer families are accepted. This way the co-ops are steadily improved and advanced. In Champassak and Vientiane Province, even though many units are not doing so well, the provinces have determinedly improved and revived them, and there is a chance for these agricultural co-ops to expand well. Though many problems arise in Louang Namtha, Luang Prabang, and Sayaboury Provinces, they have been successfully trying to maintain their movement.

Although the conversion to agricultural co-ops in these provinces has not expanded evenly, when we look at it as a whole the conversion process to agricultural co-ops is still being expanded and is gradually approaching a new quality and expansion of production. For example, agricultural units in Houa Phan, Oudomsai, Phong Saly, and other provinces have participated in self-sufficiency for the local food supply. Because there are co-ops in Hatsuifong District, Vientiane Province, dry season rice growing and intensive agriculture have become widespread.

In agricultural production, many co-op units have become primary forces in the intensive agriculture movement (the intensive agricultural areas in co-ops cover up to 75 percent of the intensive agricultural area throughout the country). Land-clearing, increasing the growing season, building small-scale irrigation projects, weeding, the use of fertilizers, and using many other advanced technologies have been doing very well. Moreover, many co-ops have expanded their occupational area of handicrafts. The family economy of co-op members has been expanded. The co-op units that are able to produce over two seasons have increased their members' income and improved their standard of living. On the average a person receives 400 kg or more of rice. In some co-ops a member receives as much as 700-800 kg of rice on the average while the average for people all over the country was only 300 kg.

Co-op management has made progress. Even though many provinces and districts do not yet have their set production plan, the majority of co-ops aim at the actual situation in their localities in order to set their production policy and simple production plan for rice and secondary crops and animal husbandry, to expand different occupational areas, to join intensive agriculture, and to increase the growing season. There were 657 co-op units which produced over two seasons. Seventy percent of the co-ops have recorded work day points and have distributed income according to labor. Meanwhile, they have a policy towards old people, small children, disabled people, combatants who made their sacrifice for their country, and cadres' families that do not provide labor. In the co-ops that produce over two seasons a person can work approximately 200 days per year. Besides this, in some co-ops one can work 250 days or more per year.

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CSO: 4206/74

EDITORIAL CITES ELECTRIFICATION AS PRIORITY

Vientiane SAING PASASON in Lao 29 Jul 82 pp 1, 2

[Editorial : "Work to Increase Production, Expand Small-Scale Industry and Cottage Industry"]

[Text] [We must] work to quickly expand sections of small-scale industry, handicrafts, light industry, manufacturing, electrification, construction materials, and machinery to be used in agriculture, forestry production, communications, and transportation. To widely facilitate and reconstruct some industrial production bases such as mineral and chemical areas [we should consider] electrification, machinery, and communications as having first priority in order to set conditions for the expansion of different production. This is important work in the policy line concerning industrial production, small-scale industry, handicrafts, and cottage industry that the party and government have set within the limit of the first Five Year Plan of the government. It is the real duty of all workers and our craftsmen to try hard to emulate each other to succeed.

At the present time the most urgent work is to improve and make the most of the existing electrification production bases for production, for example, agriculture and forestry production, and to quickly set up small-scale electrification networks along mountainous regions in some provinces in northern and southern regions. Meanwhile, [we] should try to get some help from our allies in the survey and planning for the small and large hydroelectric dams in the central and southern regions in order to be the foundation for the future expansion of the electrification industry in our country.

As for machinery, light industry, and the food industry, the important thing is to attentively set up some small and medium-size machinery groups at the provincial and district level to be used for repairing and producing agricultural tools such as ploughs, harrows, hoes, spades, axes, etc., to serve and strengthen communications and transportation, e.g., the production of cart wheels, and to serve in expanding the production of textile factories, sewing equipment, salt, fish sauce, soy sauce, liquor, beer, soft drinks, tobacco, sweets, etc. These are what are needed to fulfill the needs of the people and efforts [must be made] to improve the quality so they can be export goods.

at the same time, the expansion of handicrafts and small-scale industries that make forest and ricefield products using raw materials within the localities or families are elements we cannot do without. This is because it has always been the case that farmers in many different rural areas in our country have always had their creative ideas hidden. They have raw materials and fairly good workmanship in creating items for household use and many different handicrafts. Therefore, if we know how to make use of this hidden power, it will become a material force and a great stream of production in order to supply the markets and our people's consumption, and also will take part in improving the local and family economy. It will also set good conditions for the expansion of small-scale industry, handicrafts, and cottage industry to grow larger in the next five year plan.

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CSO: 4206/72

SRV ROUTE 9 CONSTRUCTION UNIT CHIEF DESCRIBES WORK

Vientiane SIANG PASASON in Lao 22 Jul 82 pp 3, 4

[Article: "We Join Each Other on a 'New Battlefield,' the Fifth Anniversary of the Signing of the Agreement for Friendship and Cooperation Between Laos and Vietnam"]

[Text] Over 40 km east on route 9 whose length totals 200 km, Vietnamese "combatants" under the construction regiment No 384 along with Lao "combatants" under irrigation divisions Nos 1, 2, 923 and the bridge construction division No 4, and other divisions are entering the battlefield in many areas from Seo to Tha Khong which is over 100 km long. They compete with each other to determinedly struggle to score achievements before the expected time in order to greet the fifth anniversary of the cosigning of the agreement for friendship and cooperation between Laos and Vietnam.

Meanwhile, things are getting ready for Soviet engineers to walk into the "field" and put down concrete to make route 9 a modern world highway ensuring travel in all seasons.

On 30 June 82 the second of 18 bridges in the area under the responsibility of construction regiment No 384 had an official ceremony to announce its success. Meanwhile, [a section of] road 45 km long was graveled. Of this, 31 km was completely paved to make a road 7 m wide.

Comrade Huang Dinh Phuong, chief of the construction unit, smiled at the Lao and Vietnamese reporters and said, "at the end of 1983 the surface and drainage under the road in the areas of responsibility of the divisions will be completed. However, 16 more bridges to be built will be completed in 1984."

When we were listening to this it seemed that road construction in this area is easy, but the fact is that it is not only difficult, hard, and confusing work, but it is also a danger to life.

We still remember that route 9 used to be a fierce battlefield in wartime. There were millions of bombs and bullets that the US used in the war at "Lamson 719." Hundreds of thousands of bombs that had not yet been exploded were buried along the surface at the edge of route 9. We can probably say there were bombs or bullets buried along every meter of the surface soil in

this area waiting to explode and kill people. Therefore, there was no doubt that the invasion of this "battlefield" must involve a sacrifice of life.

In addition to those obstacles, the weather and geography of this area is very poor. Construction equipment was lacking and some of the machinery was missing. When it did arrive it did not come when it was needed. Moreover, thieves did not allow the route 9 construction work to go on easily. The materials used primarily for road building, such as stone to hold a weight of 3,000 kg per centimeter were not available in that area. There were hundreds of other problems as well.

During the war the Lao and Vietnamese combatants together defeated the enemies. Now there will not be any obstacles to block the construction that is complete with their bravery, endurance, and determination. In 1978 this area was still cluttered, limited, and wild with the old hulks of armored cars, trucks, personnel carriers, vehicles, and helicopters. It was difficult to pass, but now the large transport buses do not have to slow down when they pass each other. The previously cluttered and narrow place was replaced with spaciousness as far as the eye can see. Houses, gardens, and ricefields grace the sides of the road, giving it a colorful and refreshing look. The singing of young Lao villagers, the noise of machinery for rock crushing and digging, and the singing of the Vietnamese construction cadres certainly enlivens the atmosphere of the road. The beautiful scenery and admirable voices of the road did not come from nature but from the devotion of the blood and sweat of the Lao and Vietnamese workers.

Concerning the reasons that regiment 384 scored its glorious achievements, comrade Hoang Dinh Phuong emphasized that if they had not had the assistance of the Lao side the construction of this regiment would not have succeeded as you see now. The Lao villagers helped a great deal. From taking things down to shag for the roofs the villagers gave help, especially in the case of a house located on a rock quarry whose stones were needed to support weight [of the road]. After learning that they wanted the rock, they were glad to move their house so the [unit] could dig up the rock for laying on the road. The participation of the villagers helped them to complete the plan sooner. Otherwise, they would have had to build a shortcut to dig out stone on a mountainous road 26 km away from route 9.

It would have wasted time and a great deal of capital to have to bring the stone this way for laying on the road. After smoking a That Louang cigarette offered by the Lao reporters Comrade Hoang Ding Phouang smiled and added, "Besides this, there were comrades in the Lao Ministry of Public Works such as Comrade Singkapo, Comrade Seun, and Comrade Sai who often mobilized for us. The party cadres and the local administrative authorities often visited us and cooperated with us in security." Comrade Vu Nhu Thuong, assistant chief of the construction regiment, interrupted by pointing out that 90 percent of the combatants and cadres at different levels in this regiment were admired by the party and the government of Laos. When the Vietnamese festival Tet arrived the villagers brought them rice and meat. It was a lively mobilization to help [them] complete their duty." Comrade Hoang Dinh Phuong added at the end, "Comrade Kaysone's speech which said that the solidarity between Laos and Vietnam is a hard-to-find example is very true."

When we were about to leave the construction regiment office to return to Savannakhet, our reporters ran into a woman who had a radiant complexion indicating good health. After a brief talk we learned that this middle-aged woman's name was Ming. She appreciated most of all the special solidarity between Laos and Vietnam. She said, "If it had not been for the doctor in division 384 who saved our lives, you wouldn't be seeing me." The story was that when she has labor pains for childbirth the old villagers all came to help. The baby put its arm out first and the "sorcerer" pulled the arm hoping to help the baby to come out fast; however, the baby's arm was pulled off and the baby died in the womb. The "sorcerer" and the old people did not know what to do except to quake and worship spirits and wait for death to come. On the fourth day when the doctor of regiment 384 heard about this he rushed to help. After he explained the danger of the pains and suggested how to treat it, the old villagers who had given up hope to save Mrs Ming's life agreed to let the doctor treat her. Comrade Le Hong Lu, the mid-level physician, along with his team decided to take the patient to a hospital and operate immediately. Finally he saved the mother's life. Now Mrs Ming is able to travel and do her work as normal. The people in that locality also let us know that the help from the doctors in regiment 384 was fantastic. This included seven cases where they saved the lives of mothers with their babies the same way they saved Mrs Ming's life. One case that was different was that of the treatment of Mr Asouan, 17, who lives in Ban Kengkot and who was struck by a buffalo. His intestines came out of his stomach and he was in a most serious condition, a coma. Besides, these, the doctors have treated tens of cases of injuries caused by explosions, falling trees, dysentery, etc. The local people said, "The soldiers under Mr Hoang Dinh Phoung not only came to build roads for Laos but also came to treat diseases, to build houses, to help give the people some rice when they needed it, and to save the people from blind superstition.

Yes! The cadres and the combatants in regiment 384 are the beloved sons of the Vietnamese people who are loyal to the teachings of the great President Ho Chi Minh who originated and strengthened the military solidarity and special friendship between Vietnam and Laos to be fruitful forever.

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CSO: 4206.72

PLANNING COMMISSION CITES AGRICULTURAL, INDUSTRIAL ACHIEVEMENTS

Vientiane SIANG PASASON in Lao 27 Jul 82 pp 1, 3

[Article: "Planning Commission Gives Out Medals and Cites Work Results in Different Areas]

[Excerpts] On the afternoon of 24 July the planning commission held a decoration ceremony and gave out commendations to cadres and state employees who did good work, have good morale, and participated in protecting and constructing the country in the past five years through 1981. The 1982 achievements were also proudly summarized.

In the summary for the first six months of 1982 Mr Khamphet Phengmouang, assistant chief of the planning commission, told us about the work performance in each area.

In agriculture there were over 7,000 hectares of dry season ricefields in the whole country. The harvest was 3-4 tons per hectare on the average. Tobacco growing was emphasized in Vientiane Province alone where the total tobacco-growing areas were 2,300 hectares with 0.6 tons per hectare on the average. In general, for rice growing this year, many provinces have been faced with drought. This has delayed the implementation of the production plan. As for animal raising in general, agricultural co-ops have been increased by over 1,400 units, and 31 agricultural settlements have been improved.

In the industrial area many factories have been in operation as normal. For example, the electrification factory carried out 49 percent of the plan, the tin [mine] carried out 17 percent, the powdered soap factory 43 percent, the oxygen factory 34 percent, the log factory 30 percent, lumber 43 percent, the sewing machine factory 39 percent, the tobacco factory 27 percent, the beer factory 40 percent, and the soft drink factory 37 percent. This was 33 percent when compared with the plan for the full year. In localities, especially in Vientiane Province, there are factories that have been in operation, e.g., dealing with plowshares, agricultural tools, steel nails, buckets, lumber, ready-made furniture, writing paper, bricks, textiles, and for boiling salt to make soap. These factories carried out 31 percent of the plan on the total average.

Domestic transportation carried 43,065 tons, which included 24,298 tons of state transportation. Passenger transportation for the party center and Vientiane Capital came to 2,465,708 passenger trips. Goods transported from Vietnam to Laos weighed a total of 25,000 tons.

Base construction in general was 42 percent. This included 47 percent in the material production section and 28 percent in the non-material production section.

As for trade, there was an effort to carry out the wholesale plan. The rice purchase organization succeeded in 51 percent of the plan.

Next Mr Sali Vongkhamsao, secretary of the party central committee secretariat, and Deputy Prime Minister, chief of the national planning commission who was an honored guest attending the ceremony, gave a speech in which he emphasized that the drawing up of the 1982 plan was a test of two directions: "who will win" between socialism and capitalism has shown itself in politics, the economy, culture, and in social areas.

He repeated that in order for us to advance ourselves to socialism we have to absorb the direction of the party, primarily the plenum of the Third Party Congress issued in the political report by General Secretary Kaysone Phomvihane. We must objectively study the effects of economic rules in our national economy in each section and in different localities. We must study the economic management problem and how to incorporate it into a plan. This includes the rules for the conversion to a plan, which is a technique for the objective control of the economy. Only these techniques will press forward the quick expansion of the production forces, and make the party policy become real for us.

Thus, in order to ensure this, the political obligation of each department must increasingly expand the project of the planning commission and make it reality, such as the 1982 report, and a plan must be set for 1983.

Meanwhile, the Deputy Prime Minister asked all cadres to unite and help each other in order to strive successfully to score achievements to greet this coming National Day on the second of December.

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CSO: 4206/72

BRIEFS

SAVANNAKHET LIVESTOCK--In the first six months of 1982 the amount of livestock all over Savannakhet Province has had a fairly good increase when compared with the number of livestock for the same period in 1981. The increases are 2,698 buffalo, 3,503 oxen, 815 horses, 26,104 pigs, 820 goats, and a great number of poultry. Up to now, for the entire Savannakhet Province the total number of livestock is 241,965 buffalo, 203,217 oxen, 2,142 horses, 212,361 pigs, and 1,838 goats. This rapid increase was a result of the correct techniques the animals' owners used in raising these animals, and also because the injections for animal disease prevention were given by veterinarians regularly throughout what were formerly epidemic areas. [Text] [Vientiane SIANG PASASON in Lao 4 Aug 82 p 1] 9884

CHAMPASSAK BANK DEPOSITS--From 3 May to the end of June 1982 the people of all nationalities in a village in the E-Tou Canton area, shops, and many different offices subordinate to Pak Song District, Champassak Province, deposited their savings in the government bank. Over 36,000 kip were deposited, more than 19,000 kip being from the villagers only. This bank deposit indicates their willingness to save and participate in accumulating and circulating capital for the government to use in building the national economy and in improving our standard of living. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 17 Jul 82 p A2] 9884

SARAVANE POPULATION--Saravane Province is located on the bank of the Sedone River from north to south. It contains over twenty races, ten districts, 54 cantons, over 880 villages, over 36,000 families, and the total population amounts to more than 230,000 people. [Excerpt] [Vientiane SIANG PASASON in Lao 17 Jul 82 p 3] 9884

CSO: 4206/72

MALAYSIA

MAHATHIR SPEAKS ON ISLAM, PRESS FREEDOM

BK101233 Hong Kong AFP in English 0624 GMT 10 Sep 82

[Text] Kuala Lumpur, 10 Sep (AFP)--Prime Minister Dr Mahathir Mohamed warned that the government would not hesitate to take action against anyone who tried to commit sacrilege against the sanctity of Islam or erode the faith of the Muslims.

Dr Mahathir, who is the president of United Malays National Organization (UMNO) said, "Under the constitution, Islam was the official religion of the country and as such it is the responsibility of the government to protect the Muslims from deviationist teachings."

Opening the 33d UMNO General Assembly here this morning, he said UMNO should strive to change the attitudes of Malays (indigenous Muslims) so that these are in line with the needs of Islam in the modern time, enhance Islamic practices and ensure that the Malay community really practised Islamic teachings.

Dr Mahathir described these tasks as the biggest "struggle" expected of UMNO since its formation 36 years ago and stressed that they should be realised to achieve the objective of making Malaysia a highly respected country.

He said presently the Malays merely talked about Islam but what they practised was different.

"They talked about brotherhood in Islam but among them were those who created issues that split the Muslim community."

Dr Mahathir also named several members of the opposition Pan Malay Islamic Party (PAS) as responsible for activities against Islam.

"I wish to warn PAS leaders who pollute Islam and mislead Muslims that the government would take action against them to make them stop these activities," he added. He however did not specify what kind of action would be taken.

Earlier, Dr Mahathir conceded that for the past one year he had adopted a liberal policy in the administration of the country.

This was evident from the fact that more detainees were released and an adoption proposal was made for hard core communists who were willing to be accepted by foreign countries, the freedom given to newspaper and the approval for the publication of more newspapers and magazines.

He regretted this freedom had been misused by some who considered it as a licence to do what they liked, he said the government had hoped that they would value and protect the freedom given.

He said there were those who misused the process of law by using foreign pressure to obtain the release of criminals who had been prosecuted according to the process of law.

"In the field of newspapers, when freedom was given, some new newspapers use sex and scandal to boost their sales."

On the surface, the newspapers appeared to be taking a serious view of the scandals but, in fact, what was important to them was the sales of their newspapers, he said.

He added that wild accusations were made without taking into consideration the effects on those accused.

The newspapers were taking advantage of the reluctance of those accused to attract publicity, he said.

The prime minister stressed that the government took a serious view of the matter and warned that if this continued it might review its liberal stand.

"We are liberal because we believe that the Malaysian society has already matured but if there is no appreciation of the government's policy, the government will be forced to end its liberalism which is being abused," he said.

Dr Mahathir also reminded certain groups that the government's attitude should not be looked upon as a sign of weakness.

In this connection, he reiterated that the government did not have any plan to abolish the internal security act so long as activities that threatened the peace of the country continued to be desired by these groups.

CSO: 4220/377

NEW COMBAT ARMS TRAINING CENTER TO BE BUILT

Kuala Lumpur BUSINESS TIMES in English 12 Aug 82 p 22

[Text]

WORK on a new army combat arms training centre to be built near Gemas is to begin next year. This was disclosed yesterday by Deputy Defence Minister Abang Abu Bakar bin Datuk Abang Haji Mustapha who said that preliminary plans were almost ready and that the levelling of the site will begin early in 1983.

The actual camp area, consisting of various complexes and living accommodation, will cover 3,500 acres in the Gemas area of Negri Sembilan and Johore.

The centre is expected to include schools for training cavalry and artillery units and facilities for retraining infantry in battalion strength.

It is the structure of training that provides the clearest indication yet of Malaysian military rethinking in an adverse international environment. The emphasis has shifted from counter-insurgency to

conventional warfare.

The facilities planned, for instance, obviously complement the recent acquisition of 51 Scorpion tanks from Britain.

Sources said that it also represented a move to provide more training facilities within the country instead of sending military personnel overseas. There is a feeling that training in environments not similar to Malaysia's is not very fruitful.

The recent Falklands war underlined that a better trained force was more important than numerical superiority.

The Prime Minister made this point clearly last January stating that Malaysia is a small country which need not have a large army.

Australia will play a big role in providing training personnel to the new training centre. Mr Ian Sinclair, Australia's Defence Minister, who arrived last Sunday, announced on Tuesday that

Australia had provided 14 specialist advisors for this centre. The assistance, under the ambit of the Australian defence cooperation programme, will cost up to \$13.5 million over six years.

At a news conference yesterday on the eve of his departure, Mr Sinclair said Australia's defence cooperation programme with Malaysia was of growing and continuing importance. It is presently running at \$9.6 million a year.

He said that agreement had already been reached to redeploy one of the two Royal Australian Air Force Mirage squadrons, presently located in Butterworth, to Australia in 1983.

He explained that this was necessary to prepare for the acquisition of the new FA18 tactical aircraft being introduced into the RAAF, and added that this fitted with Malaysian plans for stationing additional aircraft at Butterworth.

CSO: 4220/662

KUALA LUMPUR ON ASEAN MILITARY EXERCISES

BK191645 Kuala Lumpur International Service in English 0800 GMT 10 Sep 82

[Unattributed commentary]

[Text] For the first time in the history of the ASEAN organization, an ASEAN head of government has called on all ASEAN members to join in multilateral military exercises to improve defenses against communist powers in the region. In advocating this view, the Singapore prime minister, Mr Lee Kuan Yew, stated that ASEAN wanted this region without the communists, whether it is Vietnamese, Chinese or Soviet communism.

The growing ability of the Soviet Union to project military power into the region from former U.S. bases in Vietnam was a particular threat. It was this long-term Soviet threat that lay behind the ASEAN, U.S. and Chinese opposition to Vietnam's policies and its presence in Kampuchea.

Bilateral military exercises were already being conducted between a number of ASEAN member nations. These could be extended into trilateral and later quadrilateral exercises.

The ASEAN organization was established 15 years ago with the sole purpose of promoting social and economic cooperation between the five member states. The invasion of Kampuchea by Vietnam in 1978 and the earlier fall of South Vietnam in 1975 forced the ASEAN nations to give the organization a greater political flavor, and this joint political outlook and cooperation has thus far succeeded in denying diplomatic recognition to the puppet Heng Samrin regime in the United Nations and other international organizations as well as by the majority of nations in the international community. Vietnam's current diplomatic, political and economic isolation may be due primarily to its own policies. But it cannot be denied that the tough actions and postures adopted by ASEAN have also been partially responsible for preventing Vietnam from enjoying the fruit of its aggression.

But while ASEAN was stepping up significant successes in the economic and political spheres, there was a growing measure of bilateral cooperation between member nations in the military, police, immigration and civil aviation fields. For example, Malaysia and Thailand conducted joint military operations against the remnants of the Malayan Communist Party at their joint border. There

have also been joint actions against drug smuggling and other criminal activity. Thus one can argue that the basis for bilateral and multilateral military cooperation is there. And if the political decision is made, such joint military exercises can quickly become realities. Moreover, all the ASEAN nations share a common threat perception from a Vietnam which has already shown its aggressive intentions in Indochina, a China which continues to support communist insurgencies in some ASEAN states and a USSR which is securing base facilities at Danang and Cam Ranh Bay in Vietnam cannot but be felt as proof of Russia's aggressive designs in this area.

However, there was talk of sending an ASEAN military force to defend the borders of Thailand when Vietnamese troops staged a limited incursion into Thai territory more than a year ago. Thus the rationale for giving ASEAN a military character by holding joint military exercises is there.

But one can expect the proposal for such exercises to be given a cool reception because most ASEAN members rejected the idea or notion of a military pact designed against a third party because invariably such facts only serve to enhance tension even though the Singapore proposal is essentially a defensive one.

There is definitely a military threat from Vietnam. But currently it is believed that this threat has been somewhat reduced because of various factors that reports state of Vietnam's economy. ASEAN has thrust on and stressed the quality of cooperation, discussion and mutual benefit. Thus, whilst one should not underestimate the ability of the ASEAN members to come together militarily should the need arise, the time perhaps for this move has not come.

CSO: 4220/377

COMMUNISTS MERGE ARMED WORK FORCES

Kuala Lumpur NEW STRAITS TIMES in English 28 Aug 82 p 5

[Text]

IPOH, Fri. — Communist terrorists in Perak, who have suffered a severe blow from the security forces, have merged four armed work force groups into a new one — probably due to lack of manpower and other resources.

It is the 26th Armed Work Force, an element of the Fifth Assault Unit of the outlawed Communist Party of Malaya (CPM) operating in the State.

The armed work force affected in the merger are the sixth, seventh, eighth and ninth groups.

The CPM projected plan to form the 10th Armed Work Force to take charge of the Tapah-Tanjung Malim area has also been scrapped.

Their underground organisations in Perak have also been neutralised.

These are as a result of mounting losses in manpower, both to its terrorist units and underground organisations.

Militant

According to security sources here, through the

"untiring efforts of counter intelligence activities", the security forces had been planning and carrying out operations in the State which pressure the terrorists into disarray.

The security forces' successes against the CPM's revival of armed struggle in the country were scored in the continuous operations since 1976.

The biggest blow to the CPM came about in May last year, when a district committee member and leader of a sub-unit of the Ninth Armed Work Force, Cheong Kuen also known as Ng Chong Meng, and his band of 12 terrorists gave themselves up.

Cheong Kuen, who was described as the leader of an elite and militant group, was to be promoted to lead the projected 10th Armed Work Force. His surrender, therefore, affected the plan.

The mass surrender and the subsequent successes of the security forces are a significant chapter in the fight against the communist terrorists in Perak.

They will certainly go into history as one of the biggest successes in the security operations.

There has been none parallel to this mass surrender in Perak ever since the end of the 12-year Emergency.

As Perak has often been considered as the forefront against the communist terrorists threat because it lies in the infiltration routes from South Thailand and the various old haunts, the mass surrender is a big blow to the morale of the terrorists.

Wedge

Prior to 1976, the threat from the communist terrorists was even felt right to the door-step of Ipoh.

There were elements of terrorists in the outskirts of the town at Simpang Pulai, Chemor and Tanah Hitam.

Underground activities of the Malayan National Liberation Front (MNLF) and the Malayan New Democratic Youth League (MNDYL) were also on the increase in the populated areas.

It appeared that the return of central committee member Nam Yat with his Fifth Assault

Unit to the old haunts of Tanah Hitam, Sungai Siput, Lasah and other former black areas in Perak would have been a success.

Working on familiar ground, Nam Yat managed to increase the strength of his unit from 85 members to 200 by 1976.

However, through a series of operations against the underground movements and the terrorists in the jungle, the security forces put a wedge between the people and the terrorists.

Tons of food were recovered from hidden dumps and the terrorists were thus pushed deeper into the jungle without food, which resulted in many surrenders.

An attempt by the terrorists to form "masses base" at the foot of Keledang Saiong Range near Menglembu and Buntong just outside Ipoh was foiled in 1979.

The ageing Nam Yat was forced to order his unit to break up into small armed work forces and dispersed them in various areas.

Their strength is now estimated at less than 80 and with no news of new recruitment in the State.

CSO: 4220/662

BARRIERS REMAIN UP AGAINST BRITISH EXPORTS

Kuala Lumpur BUSINESS TIMES in English 20 Aug 82 p 1

[Text]

MALAYSIAN Prime Minister Datuk Seri Dr Mahathir Mohamad indicated today that Malaysia will maintain its barriers against British exporters.

In an interview published by the Financial Times here today, Dr Mahathir confirmed that the directive issued ten months ago against government purchases of British goods, remained intact.

And in a move seen as more worrying for British exporters, he warned that it will take public commitments from Britain to a change in trading attitudes for the directive to be lifted.

Until now, the city paper pointed out, diplomatic advice to British exporters has

been "to keep heads down and wait for the matter to die a natural death."

Dr Mahathir suggested that this approach is likely to be "disastrous" for British business.

Malaysia is already finding substitute sources for British goods, and the longer the conflict is allowed to drag on, the less likely it is that British will ever win back once lucrative markets, the article added.

Asked about how the choice was made between contracts, the Malaysian Prime Minister told journalist David Dodwell, recently in Kuala Lumpur, that "everything else being equal, or even slightly unusual, we would buy non-British."

"But if the British price

is very low, or there are other reasons like, for example, we have been using British fittings before and just cannot use other fittings, we would still buy British."

He pointed out that the depreciation of the pound against the Malaysian ringgit (from \$5.30 to \$4.30) since the directive came into force, "makes British goods extremely cheap" in terms of local currency.

He continued: "So you are in a very competitive position. Despite the directive, large quantities of British goods are still being purchased by our companies."

The reason for the directive was a series of events which gradually aggravated matters, Dr Mahathir said. "But the straw that broke the

LONDON, Aug. 19

camel's back was the purchase of Guthries," which was followed by accusations in Britain of nationalisation.

"If you understand what is objectionable to us and take measures to remove the irritants, then perhaps we will reverse the policy," the Malaysian Prime Minister explained, adding "I think a sudden change would be noticed."

Britain's High Commission in Kuala Lumpur was quoted by the paper as saying that the directive was estimated to have cost British exporters "tens of millions of pounds worth" of exports.

The paper said that this figure "probably" erred on the conservative side. — AFP.

CSO: 4220/662

DEFENSE PATTERN SHIFTING TOWARD HIGH TECHNOLOGY

Kuala Lumpur NEW STRAITS TIMES in English 22 Aug 82 p 12

[Text]

DEFENCE cuts will knock more than a billion ringgit off the defence Budget this year. But the targets are bricks and mortar rather than guns.

First in the sights are the RMAF Gong Kedak air base in Kelantan, the National Defence College, naval, air and army bases and administrative buildings.

Even the giant Lumut naval base in Perak, though not postponed, lost some of its projects, much to the disappointment of senior naval officers.

These cuts will prune about \$900 million from development expenses, according to sources. About \$105 million will be saved by tightening the screws on spending on the operations side.

This will mean less movement of personnel using vehicles so as to minimise claims and allowances and petrol, reductions in telephone bills, lower consumption of basic amenities, and even a reduction in the number of newspapers.

A recent announcement also states that there will be fewer large scale military exercises for the Armed Forces.

Sources say more savings are on the way. Unlike previous years where the Defence Ministry got supplementary funds to cover extra expenditure, there will be no such funds coming from the Federal Government this year.

The good news is that the expenditure cut-back will not affect the purchases of weapons where contracts have already been signed.

Technology

This will include light tanks, armoured personnel carriers, Corvettes, minesweepers, fighter bombers, training aircraft, small arms and other modern armaments.

Military observers feel that the defence cut will allow the civilian and military planners time to review the Armed Forces modernisation and expansion programme (Perista) to answer two basic issues.

"Do we want a human intensive army or do we want a highly technological and modern army?" they ask.

The sources say that the general freeze on recruitment of civilian staff and Armed Forces recruits is an indication that the Armed Forces is tending to the second option.

The directive that only doctors, engineers, computer specialists and other specialised personnel will

be recruited in the immediate future ensures that it is technology that is being given priority and not so much mere numbers of soldiers.

By going ahead with the contracts designed to boost the weapons arsenal of the Armed Forces but freezing recruitment, a balance will be restored in the Armed Forces.

The sources say that a balanced force of adequate manpower with high technology weapons back-up is imperative as "wars of the '80s will not be the same as World War One where numerical supremacy is the advantage."

It is, they say, common knowledge among military officers that the Malaysian Armed Forces has expanded tremendously over the last three years — as far as the number of men is involved.

In that period there were many promotions to enable officers to lead new units. But as the human element in each unit cannot be filled up immediately, it led to some units being under-strength.

The recent announcement that the number of brigade headquarters (normally between 3,000 to 4,000 men each) will be trimmed from 16 to 14 or 12 is, thus, a welcome move.

The sources say that the exercise will see the propping up of the strength of each unit so that it will be more compact, fully manned and stronger.

It will also ensure that instead of a battalion having less than 800 to 1,000 men as now, it will hopefully have an adequate number.

Another gain from the closure of brigade headquarters will be savings to be made out of the maintenance of these headquarters.

No exact figure on the costs of maintaining these headquarters is available but the sources say that it might be hundreds of thousands of dollars or millions depending on the size of the headquarters.

The reorganisation of the units will enable the various branches of the Armed Forces — army, navy and air force — to make up for the shortage of officers.

The sources also say that the defence cut represents an opportunity for the soldier to be better trained for conventional and counter-insurgency warfare tactics and strategies.

The decision to stop the recruitment of new men and civilian staff will enable the Defence Ministry to channel scarce funds to the purchase of much needed combat equipment.

MALAYSIA-THAILAND BORDER COMMITTEE DISCUSSES COMMUNIST THREAT

Not Enough Progress

Kuala Lumpur NEW STRAITS TIMES in English 27 Aug 82 pp 1, 3

[Text]

KUALA LUMPUR, Thurs. — Datuk Musa Hitam today expressed concern over the unsatisfactory progress of the Malaysia-Thai efforts in eliminating the communist threat, saying "we are not achieving as much as we should have".

"After all, 20 to 25 years is a fairly long period of time in the context of eliminating a few-thousand-strong hostile forces," the Deputy Prime Minister said at the opening of the 27th Malaysia-Thai General Border Committee meeting here.

"Under the circumstances, it is my view that the border committee should take serious cognizance of this and make appropriate assessment as to whether it has truly been successful or otherwise," said Datuk Musa, who is also the Home Affairs Minister.

He believed that a solution to the problem was in the recognition of "its real sources and in the earnestness with which we endeavour to tackle it".

Datuk Musa also voiced Malaysia's growing concern with the involvement of Thais in the activities of the communist terrorist organisation in South Thailand, which will pose a threat to both countries.

"We do feel that as the Thai elements in the CPM (Communist Party of Malaya) slowly outnumber and replace the aging Malaysian elements within the communist terrorist organisation, the CPM will increasingly be a direct threat to the security of Thailand itself.

"Already we are aware of the many instances of

co-operation between the CPM and the CPT (Communist Party of Thailand) in South Thailand," he added.

Malaysia, he said, looks upon the situation in the common border areas with seriousness. It is this part of Malaysia juxtaposed with Thailand that carries the possibility at any time of military-type incursions by hostile forces.

He said numerous operations by both coun-

tries have managed to reduce the communist strength by about 400, but this still leaves the common enemy with a charted strength of 1,843 terrorists.

"To me, when this figure is judged against the original 600 or so members of the CPM who took refuge in South Thailand between 1953 and 1960, it does seem to show that we are not achieving as much as we should have over the years."

Datuk Musa said the CPM terrorists in South Thailand have been able to operate with some measure of ease due to the lack of a consistently-strong military pressure on them.

He added that it is a well known fact that they have quite a large number of sympathisers in the border areas and still more inhabitants who are forced into supporting them for lack of credible protection from the security forces.

He said the Thai

Fourth Army Command, as reported in the Press in Bangkok, estimated that the CPM had been able to collect not less than 10 million baht every year as "protection money" from merchants in the Betong district alone.

"Perhaps, it is because of such affluence that the terrorists have been able to expand their influence and establish all those enemy camps some 48 of which the 'Tai Rom Yen' (the code name for the Thai security forces' recent operation involving 5,000 troops) have so far uncovered."

He welcomed the Fourth Army Command's warning that the Thai Government may take certain steps to deny this support to the CPM.

He also hoped that the coming period will see the border committee, in both its military and economic development efforts, a more successful instrument in eliminating the common enemy and bring peace, stability and welfare to the border people.

New Approach

Kuala Lumpur NEW STRAITS TIMES in English 28 Aug 82 p 2

[Text]

KUALA LUMPUR, Fri. — Malaysia and Thailand have agreed to carry out area security operations along the border to deny the communist terrorists the freedom to carry out their political and military activities.

Psychological operations will also be conducted by the armed forces of both countries during these military exercises.

Datuk Musa Hitam said this at a joint Press conference with Thai Interior Minister Gen Sitthi Chirarochana.

The Deputy Prime Minister said the 27th General Border Committee (GBC) meeting, which was carried out in a "very businesslike fashion," assigned the Regional Border Committee to carry out a co-ordinated effort to create a more secure atmosphere for the people living near the border particularly the Betong and Kroh areas.

The air forces of both nations will also be involved in operations against the terrorists.

The Royal Malaysian Air Force and the Royal Thai Air force will conduct a second combined air exercise at the border areas.

Both the air forces had carried out the first exercise in March.

"After an assessment of the success of the first air exercise, we have decided to have another which will provide training and operational experience against the communist terrorists," said Datuk Musa, who is also the Home Affairs Minister.

Datuk Musa said this GBC meeting marked a "new stance" in the joint

efforts to fight the communist along the border.

"This represents a new approach which should ensure that further success is achieved in a much shorter and much decisive manner than in the past," he said.

Datuk Musa said the armed forces of Malaysia and Thailand had been carrying out regular combined, co-ordinated and unilateral operations along the border.

On when further combined operations would be carried out, he said: "As and when we identify targets and as and when this requires combined operations, we will initiate them."

Datuk Musa said, in addressing the committee yesterday, he had told both sides that much more aggressive vigilance was called for from both sides.

"Our common enemy must not be allowed to have free movement from either side of the border as this is a threat to our security," he said.

He said efforts must be undertaken by both sides to prevent the communist from getting aid from the people.

Gen Sitthi said the meeting was important as past difficulties were re-examined and reviewed to find ways to overcome certain problems.

In their joint-communique, Datuk Musa and Gen Sitthi said the security forces of both countries would continue to exert pressure on the common enemy.

The committee was also satisfied with the progress of socio-economic development projects in the border areas.

The next GBC meeting be held in Thailand next year.

NATION'S LARGEST REFINERY PLANNED FOR MALACCA

Kuala Lumpur BUSINESS TIMES in English 24 Aug 82 pp 1, 22

[Text]

PETRONAS has taken the first step towards the construction of what is expected to be Malaysia's largest and most sophisticated oil refinery.

The national oil corporation issued notices over the weekend for the pre-qualification of contractors for its second refinery, a 120,000 barrel per day plant located in Tangga Batu, Sungai Udang, in Malacca.

Industry sources say it will be the first refinery in the country to incorporate three units which will undertake more complex processing tasks — a catalytic cracker, a vis-breaker and a catalytic polymerisation unit.

The "cat cracker" will enable the refinery to produce more petrol while a vis breaker is used to manufacture

more diesel. A polymerisation unit is used to obtain the heavier fractions from lighter ones, and is of particular relevance to Malaysia because its own crude gives a larger yield of light fractions.

The inclusion of these units reflects Petronas' aim to cater for the present substantial local consumption of heavy crude oil distillates such as fuel oil as well as the increasing demand for light and middle distillates such as petrol, kerosene and diesel.

The needs of the domestic market are now being met by a mixture of indigenous light crude and heavier West Asian crude.

Petronas declined to provide any details of the project but some industry estimates have

put the refinery's cost at a conservative \$265-290 million.

In its advertisement Petronas has stipulated that the refinery be built on a turnkey basis, with the contractor undertaking the engineering, procurement and construction.

The proposed refinery will also comprise units for crude and vacuum distillation — the basic facilities for processing crude oil; a naphtha hydrotreater which upgrades raw distillate into premium petrol; a mercox (mercaptan oxidation) unit used to convert poisonous sulphur compounds in kerosene to harmless disulphides; and various units to produce liquefied petroleum gas and asphalt.

The Malacca refinery is considered a medium

sized one by regional standards. The biggest in South-East Asia is believed to be Shell's Pulau Bukom refinery in Singapore, the refining hub of the region, which has a rated capacity of about 460,000 bpd.

Industry sources say at least two other Singapore refineries belonging to Esso and Mobil are larger than the proposed Malacca refinery.

The current licensed or maximum installed refining capacity in Malaysia is about 177,000 bpd, — 90,000 bpd from Shell Port Dickson, 42,000 bpd Esso Port Dickson and 45,000 bpd Shell Lutong.

Petronas is now building a 30,000 bpd refinery in Trengganu expected to

be ready early next year.

The Malacca refinery is scheduled to come on stream in 1986-7. Significantly, it has been scaled down from the size originally envisaged, namely 165,000 bpd.

Esso has projected that when the refinery comes on stream as planned, supply from local refineries will reach 237,000 bpd while local demand will amount to some 199,000 bpd.

There would be a surplus capacity of about 38,000 bpd which Petronas says is planned in view of expected future

increases in demand for oil products locally.

Shell's Port Dickson refinery, currently the country's biggest, consists of two crude distillers, a platformer, and bitumen and LPG plants.

Shell is now adding a second platformer expected to be completed by the end of the year. A platformer, which is similar to a naphtha hydrotreater, uses platinum as a catalyst to produce premium petrol.

Esso has also upgraded its refinery to yield more petrol.

MUSA HITAM CRITICIZES STUDENT GROUP IN BRITAIN

Kuala Lumpur NEW STRAITS TIMES in English 8 Aug 82 p 4

[Text]

KUALA LUMPUR, Sat. — The largest Malaysian student body in Britain — the Malaysian Students' Council — has categorically denied that it has any affiliation with another student body which has come under fire by the Malaysian Government.

Deputy Prime Minister Datuk Musa Hitam charged last Thursday that the Federation of United Kingdom and Eire Malaysian and Singapore Students' Organisation (Fuemsso) influenced the visit of seven human rights lawyers.

Datuk Musa said: "The organisation has for many years been opposed to everything we do. In fact, it has been opposed to the very concept of Malaysia."

Datuk Musa said that Fuemsso had spread its anti-Malaysia stance in Britain through various means and its strategy included spreading lies and deception.

Council general secretary Encik Azman Firdaus Shafii said in an interview that although the council known as the Majlis Persatuan2 Pelajar Malaysia Di United Kingdom and Eire (MPPM) had joined forces with Fuemsso on the fees issue in Britain, it had no affiliation whatsoever with it.

He took great pains to explain that the MPPM which represents 15,000 Malaysian students in Britain, always arrived at decisions through consensus.

He said: "MPPM is a multi-racial organisation of Malaysian students and takes into consideration all aspects including liberals, the left and minority groups."

Encik Azman said Fuemsso comprises "90 per cent of a homogenous grouping".

MPPM, he said was the umbrella body for 53 Malaysian student bodies in Britain and Ireland. All the student bodies had their own autonomy.

Out of the 53, only eight were affiliated to Fuemsso and these numbered about 600 to 700 Malaysians.

As for the human rights lawyers' visit, Encik Azman said: "We did not know they were coming here. It is a surprise to us."

He made it clear that his council had nothing to do with the lawyers' visit.

In fact, he said the team had to clarify with people they had met that the MPPM was a totally different body from Fuemsso. Unlike Fuemsso, the MPPM was recognised by the Malaysian Government.

With regard to the ISA, he said the council had passed a resolution in 1980 opposing the law. Its stand on the subject remains unchanged.

UMNO YOUTH ELECTS ANWAR IBRAHIM PRESIDENT

BK091613 Kuala Lumpur Domestic Service in English 1130 GMT 9 Sep 82

[Text] The new president of UMNO youth, Encik Anwar Ibrahim, said efforts will be made to bring the movement closer to the leaders of the government. Islamic values will be absorbed into the movement to make it more effective.

Speaking to newsmen after his victory over incumbent Datuk Haji Suhaimi Haji Kamaruddin was announced in Kuala Lumpur this evening, Encik Answer said it was the wish of the youth members to see a change in leadership. Earlier in his acceptance speech Encik Anwar said the movement is to achieve many changes. The role of the movement would be the concept of morality of the people.

The deputy president of UMNO youth, Datuk Najib Tun Abdul Razak, who was returned unopposed, said members should close ranks now that the elections were over.

The general assembly of the movement approved two resolutions. The first calls for the full implementation of a clean, efficient and trustworthy administration at all levels. The second calls on the government to ban all forms of gambling in the country, including the social welfare lotteries, sports toto and the genting highland casinos. The resolutions will be tabled in the UMNO General Assembly on Sunday.

Datin Paduka Hajjah Aishah Ghani and Datin Paduka Rafida Aziz have retained their respective post as leader and deputy leader of Wanita [woman] UMNO. Datin Paduka Hajjah Aishah Ghani received 154 votes--a 17-vote majority over Datin Paduka Zaleha Ismail who received 137 votes. Puan Marina Yusof received 69 votes. Datin Paduka Rafida Aziz polled 250 votes while her sole opponent, Puan Rahmah Othman, got 11 votes. Puan Normah Kamaruddin continues to be the permanent chairman of Wanita UMNO.

Six of the ten EXCO [Executive Council] of UMNO Wanita are new faces. They are Puan Napsiah Omar, Puan Atasha Haji Abdul Majid, Puan Ilani Datuk Ishak, Puan Abidaha Abdullah, Puan Young Fatimah Mohamed Razali and Toh Puan Wan Asiah Ahmad.

Four of the incumbents are Puan Rahmah Othman, Puan Sharifah Dora, (Tunka Rahya) and Puan Ragayah Ariff.

CSO: 4220/377

BRIEFS

TRAINEES IN JAPAN--The first batch of 136 trainees under the government's Look East policy arrived in Tokyo on 6 September for a 6-month technical training in various Japanese cities. They will undergo a 3-week orientation course at the respective training centers in Tokyo, Yokohama and Osaka prior to their training. [BK120925 Kuala Lumpur Domestic Service in English 1130 GMT 6 Sep 82]

SARAWAK-WEST KALIMANTAN BORDER DISCUSSION--Eighteen delegates from Malaysia and Indonesia are attending the 18th coproject directors meeting in Kuching to discuss the demarcation and survey of the international boundary between Sarawak and West Kalimantan. The 3-day meeting was opened by the deputy chief minister, Tan Sri Datuk (Amar Sim King Hong). Tan Sri Datuk (Amar Sim) expressed his satisfaction that about 400 kilometers of the international boundary had been demarcated and surveyed. This achievement reflects the hard work and dedication of the surveyors and the supporting staff from the two countries. It also manifests the close cooperation between Malaysia and Indonesia and demonstrates the existing harmonious relationship between the two countries. He stresses that such a cordial relationship sets a good example of healthy coexistence in the ASEAN region. [Text] [BK091156 Kuala Lumpur International Service in English 0600 GMT 8 Sep 82]

CSO: 4220/377

ISRAEL'S DESIGNS FOR DOMINANCE MENTIONED

Karachi MORNING NEWS in English 4 Sep 82 p 1

[Text] Islamabad, Sept 3--John Plaits-Mills, Chairman of the Commission of Inquiry into Israeli conduct in Lebanon, in a recent interview to the London Broadcasting Company has revealed that the members of his commission had pieced together evidence which transpires that Israel was working since long on the policy of a permanent civilian presence in southern Lebanon and the extension of its dominance to the Turkish borders in the north and to Pakistan in the southeast.

According to him the members of his commission including the former US Attorney General Ramsay Clark and former Portuguese President Francisco were shown transcripts of two diaries in Cyprus belonging to Ben Gurion and Moshe Sharett, the Prime Minister of Israel in 1954: Ben Gurion in his diary maintains that the only way to ensure safe future for Israel was the occupation of the Arab lands and extension of Israeli influence into the borders of Turkey and Pakistan.

Moshe Sharett recorded in his diary a communication he had with Ben-Gurion and Dayan and mentions that they suggested annexation of the southern part of Lebanon and to step up support for Phalangist to help them to clinch power and make peace with Israel.

John Plaits-Mills asserts that what has been said and done in Lebanon by Israelis today was an extension of the project of those yesterday-years visualized by the former Israeli leaders.

He said there was tangible evidence to prove that all the occupied south Lebanon was humming with administrative activity and initiation of business projects. Grounds were being prepared for the eventual control of the area by the Israelis.--APP

CSO: 4220/355

REACTION TO MURDER OF COUNCIL MEMBER REPORTED

'High-Powered' Karachi Meeting

BK131725 Karachi Domestic Service in English 1700 GMT 13 Sep 82

[Text] A high-powered meeting was held in Karachi under the chairmanship of Sind Governor Lt Gen S.M. Abbasi to review the situation arising out of the murder of Zahur Hassan Bhopali and two other persons. After examining and ascertaining the available evidence so as to determine the motive behind the crime, the governor directed the law enforcing agencies to mobilize all the resources at their command to apprehend the assailants as early as possible.

Haq Terms Killing 'Subversion'

BK141035 Karachi Domestic Service in English 1005 GMT 14 Sep 82

[Excerpts] President General Mohammad Ziaul Haq declared open the Dadu-Moro bridge on the River Indus this afternoon. The bridge has been constructed at a cost of 302 million rupees and is the longest road bridge in the country. With the opening of the bridge the road distance between Nawabshah and Dadu districts has been reduced by 230 km and opens up great avenues of economic progress of the people of the area, particularly on the right bank of the River Indus.

Inaugurating the bridge, the president said that a lot of planning and hard work had gone into the construction and completion of this bridge.

The president referred to the shocking incident in Karachi yesterday in which the life of a patriotic and Islam-loving person was lost as a result of subversion. He said the aim of the subversive elements was to cow down the government to weaken its resolve to enforce the Islamic order and create chaos and confusion in the country. The president said his government is determined to wipe out subversive elements from the country. He said while the government was responsible for the enforcement of the law and order, it was also the duty of every citizen to give a helping hand to the government to eliminate criminals. The president gave an assurance that the Sind administration was taking every step to bring the culprits to book and give them exemplary punishment under the law.

CSO: 4220/369

RELATIONS WITH JAPAN EXAMINED; TRADE BALANCE SUGGESTED

Karachi DAWN in English 4 Sep 82 p 7

[Text]

THE three-day visit to Pakistan of the Japanese Foreign Minister, Mr Yoshio Sakurauchi, should serve to strengthen the friendly relations that already exist between Islamabad and Tokyo. If these relations have focussed more on economic cooperation and trade ties than on political issues, it is not surprising. Until the mid-seventies, Japan was an economic giant with little political influence. Only in the recent years has that country begun to emerge as a political force on the international scene, especially in the Asian-Pacific region. Hence, what Mr Sakurauchi had to say in Islamabad about world issues of special relevance to Pakistan carries great significance. His views broadly coincided with those of the Pakistan Government. Thus, the Japanese Foreign Minister described the Soviet action in Afghanistan as a "violation of the basic principles of international law and the UN Charter, such as non-intervention in the internal affairs of other States and

non-use of force "which" posed a threat to the maintenance of international peace and security". He also commended Pakistan's role in the OIC, its efforts to find a solution to the Iran-Iraq conflict and its move to open a dialogue with India. That Pakistan and Japan have no conflict of interests and have common perceptions on many important issues are important factors in their relationship. Although Mr Sakurauchi's visit to Islamabad came relatively soon after his predecessor had visited Pakistan in August 1980, exchange of visits between the two Governments has not been very frequent. Were the leaders of Pakistan and Japan to meet each other periodically, they could foster yet greater understanding between their two countries.

Of even greater significance than the political equation between Pakistan and Japan are their economic relations which were highlighted by Mr Sakurauchi's visit. During his stay in Islamabad, the Japanese

Foreign Minister signed an agreement with the Government of Pakistan under which Tokyo will extend a loan of 110.9 million dollars to Pakistan in 1982-83 and a cultural grant of 118,800 dollars for a language laboratory. In 1981-82, Japan was Pakistan's biggest creditor, having extended 170 million dollars worth of loans and grants, which marked a three-fold increase over the 60 million dollars provided in 1979. Japan is assisting Pakistan in the assembly and manufacture of railway locomotives and in expanding its telecommunications network. But in some areas

there is much scope for further cooperation. Japan is one of the most important exporters of private capital in the world, but Pakistan has not been able to attract as much Japanese investment as its size and importance as a market for Japanese products warrant. Secondly, Japan-Pakistan trade shows a heavy imbalance against Islamabad. Tokyo's exports are valued at 600 million dollars annually but it imports only 190 million dollars worth of goods from Islamabad. Efforts need to be made to achieve a better balance in this exchange by raising Pakistan's exports to Japan.

CSO: 4220/354

INDIAN, SOVIET ROW OVER KHUNJERAB PASS EXAMINED

Karachi DAWN in English 4 Sep 82 p 7

[Article by A.T. Chaudhri]

[Text]

THE recent opening of the lofty Khanjerab Pass in the Karakorums to regulate civilian traffic and revive the ancient Silk Route has been greeted by China and Pakistan as a landmark in the growth of their bilateral kinship, but this major event has irked New Delhi and provoked Radio Moscow to let off angry growls.

While the Indian protest notes to Islamabad and Peking were mild and formal, not so was the Soviet row over Khanjerab, bristling with rancour and smacking of a smear campaign against Pakistan and China. This is most intriguing, to say the least.

The Indian government, it is worth recalling, had lodged a similar protest in 1963, when Pakistan and China entered into a Border Agreement, as two sovereign States wedded to the five principles of peaceful co-existence. Again, in 1969 and 1978 New Delhi registered protests over the Karakorum Highway, since it passes through Gilgit and Hunza to which India lays a "legalistic" claim, though these territories never formed part of disputed Kashmir. Viewed in this context, the latest Indian protest was more or less ritualistic and it was treated as such by Islamabad.

Replying to this protest Pakistan has told India that the Kashmir dispute has yet to be resolved in the light of the relevant U.N. Resolutions and, pending a final settlement, the parties to the dispute are entitled, under the Simla Agreement, to maintain their respective and recognised positions.

Normal affairs

In other words, the world cannot stand still and Pakistan cannot allow the Kashmir question to stand athwart its growing ties with China. Peking also has taken the stand, in its reply to New Delhi's protest note, that the opening of the Khanjerab Pass, or the building of Karakorum Highway for that matter, are "normal affairs" which do not involve the question of the ownership of Kashmir — a question between India and Pakistan.

Why then should Radio Moscow kick up an unseemly row on the inauguration of Khanjerab Pass and try to make the world believe that this "strategic" Pass is of great military significance and its opening should serve as a signal that the Kashmir dispute is being internationalised by some Foreign Powers?

Radio Moscow has insinuated that (a) with its control of the Khanjerab Pass China would intervene in the affairs of the Sub-Continent with the "connivance" of Pakistan; (b) Pakistan has already "bartered

away" a solid chunk of disputed territory to China to procure military hardware; (c) China has installed missiles and built fortifications in areas close to Kashmir; and, (d) China's presence in the proximity of Kashmir would further complicate the "tangled skein" of Indo-Pakistan relations.

Ironical as it is, these charges have been aired at a time when the Soviets are waging a colonial war in Afghanistan — though their writ does not run beyond a few cities and garrisons — and have permanently annexed Wakhan to cut off China's only link with the captive land of the Afghans. Evidently, the Soviets are haunted, on the one hand, by America's use of the much-dreaded China card. On the other hand, they feel alarmed that China and India are mending their diplomatic fences and so are the U.S. and India, as also India and Pakistan.

Detente

These new developments, which indicate that big, medium and small Powers have a common stake in ending the nightmare of Afghanistan, cannot but prey upon the minds of the Kremlin strategists. And that seems to explain why they and their henchmen in some Third World countries, are currently working overtime to disrupt the process of detente in South Asia and divert the new wind blowing across the Himalayas and the Karakorums.

As for Pakistan, it has repeatedly stressed that its bilateral ties with China — a model worthy of emulation by other nations — pose no threat to any neighbour. If the two countries settled their border question long ago, it has eliminated po-

tential sources of discord and contributed to a measure of stability in this region. (Before long India may also have a border accord with its trans-Himalayan neighbour.) It was in a spirit of good-neighbourliness that Pakistan and China decided to build the Karakorum Highway, which took 15 years to complete and claimed 400 lives of workers, but has been acclaimed as the eighth wonder of the world.

Now, the signing of the protocol on Khanjerab Pass is a logical corollary to the building of the Karakorum Highway, for it will help revive the traditional Silk Route. The ancient route at one time extended over 4,200 miles from the south of Beijing, through Havelian in Pakistan, to Iran, Syria and Lebanon. Since the Khanjerab Pass is at the terminus of the Karakorum Highway, on the Sino-Pakistan border, it will now provide an opening for China, by land, to the Middle East and beyond. In fact, the new route should link two continents, Asia and Europe, and this should help lower formidable barriers between the East and the West.

Trade

One fails to understand why the opening of a new traffic artery, perhaps the biggest in the world, should arouse the chagrin of a superpower, unless it wants to keep nations divided to suit its own global policy. The new route which has a hair-raising passage through Gilgit, Hunza, Khanjerab and the Pamirs will not only bring back to life a romantic past, but also give a

big boost to international trade and commerce and social and cultural exchanges among vast multitudes of humanity.

Seen in this context, the Indian protest over the opening of Khanjerab Pass is difficult to comprehend. In the May round of Sino-Indian dialogue at New Delhi, both sides had made tangible gains in political understanding and even inched up towards a settlement of boundary issue. At least the two neighbours managed to build up a modicum of mutual confidence in their probing exercise for a package deal.

Likewise, the Indo-Pakistan dialogue on the no-war-pact and the treaty of peace and friendship has entered a crucial stage. The common goal is to leave the past behind, keep foreign Powers at bay from South Asia and make this region a bastion of peace and stability free from the intervention of superpowers. This ongoing process should not be retarded by unnecessary protests and pinpricks which can bring comfort only to those Powers who are known as "the fishermen of troubled waters."

One might go a step further and suggest that the continuing Indo-Pakistan talks and the Sino-Indian dialogue should be resolutely carried forward to pave the way for the emergence of a triad of Sino-Indian-Pakistan detente. This might sound utopian at the moment. But this dream can be realised in the long run provided the three neighbours develop a tripolar conception of regional politics and do not allow the practitioners of global realpolitik to meddle with the affairs of this sensitive region.

OVER 1.4 MILLION ACRES TO BE RECLAIMED

Karachi DAWN in English 4 Sep 82 p 4

[Text]

LAHORE, Sept 3: Over 1.4 million acres of cultivable land, which has been completely eaten up by the twin menace of waterlogging and salinity, will be reclaimed in five years under the Panjnad Abbasia SCRAP-6 the work on which has already got off the ground in Rahimyarkhan district, an official source told APP on Wednesday.

The Rs. 1,882 million project aims at curing the affected land of twin disease of waterlogging and salinity in the command area of Panjnad and Abbasia canals. Rahimyarkhan district accounts for 91 per cent of the entire project area while districts of Bahawalpur, Dera Ghazi Khan and Sukker will be the minor beneficiaries with 6,2 and 1 per cent respectively, the source added.

The entire project will be divided into five units, first having

been completed as a pilot project reclaiming two lakh acres of cultivable land.

Details of work envisaged under the project includes construction of 288 mile long saline water drains, 307 saline water tubewells, 103 miles long new canals, re-modelling of 119 miles of existing canals and 1,169 miles of water courses, and installation of 2,850 tubewells in private sector.

In addition, three new grid stations will be constructed for electrification of tubewells while old grid stations will be augmented.

To complete the power transmission arrangements 80 kilometres of 132 KV and 2,570 kilometres of 11 KV lines will be constructed.—
APP

CSO: 4220/354

PLEA FOR SCIENCE AND TECHNOLOGY POLICY VOICED

Karachi DAWN in English 4 Sep 82 p 4

[Text]

ISLAMABAD, Sept 3: The Vice-Chancellor of the Allama Iqbal Open University, Dr. Ahmad Mohyuddin today called for preparing a science and technology policy for attaining social welfare development.

He was speaking at the Scientists Club meeting here.

Dr. Mohyuddin said that a science and technology policy would pave way for economic development which was meaningless without social welfare progress. All the advanced countries had science and technology policy and this has always greatly strengthened their foreign policy, he pointed out.

He said that progress in science and technology could take place only with the help of strong research and development units. The existing bodies should be further strengthened, while there was also an urgent need of setting up new units.

Dr. Mohyuddin regretted that not even one per cent of the Gross

National Product was allocated for science whereas the United Nations had already urged the developing countries to reserve this much for the purpose.

He said the Super-powers had attained strength and wealth through well planned and correct application of science. The advanced countries were dominating the underdeveloped states just because of their achievements in science.

The Vice-Chancellor expressed his deep concern at the role of the universities in Pakistan and added that these should come down from their ivory towers to several the community. The universities should undertake research in science rather than being devoted to only academic pursuits.

He called for developing human resources which could be a most powerful base for progress and prosperity.

The research should adapt itself to the need and requirements of the country, he stressed.—APP

CSO: 4220/354

MINISTER SAYS ELECTORAL LISTS FOR LOCAL BODIES, GENERAL ELECTIONS

Karachi MORNING NEWS in English 4 Sep 82 p 8

[Text]

MULTAN, Sept. 3: Federal Minister for Local Government and Rural Development, Syed Fakhar Imam, has said that the electoral lists being updated shortly in the country will be utilised both for the local bodies and the general elections.

Talking to newsmen at the airport on his arrival on a two-day visit here today, he said that people wanted local bodies elections to be held on schedule in September next year which was also the desire of the Government.

About the general elections, he said that these would definitely be held in the country but at an appropriate time. He said that there was no proposal under consideration of the Government to convert the local councillors into an electoral college.

Replying to a question, he said that delimitation for the local council constituencies would be done after the completion of the work of updating and correction of the electoral

lists. He said it was premature to say if the number of councillors would be reduced in next elections. The matter would be decided on completion of the electoral lists, he added.

Syed Fakhar Imam said that the Local Bodies Commission, headed by him, would visit the NWFP on Sept. 8 and 9 and interview over two dozen people. The Commission, which had already visited Karachi, would complete its interviews in the four provinces by the end of October and submit report to the Government in November next.

He said the Questionnaire of the Commission had evoked great response from the public. The last date for receipt of replies to the questionnaire has been fixed Sept. 15 and replies were coming in great number. The geographic spread of the questionnaire and replies from the public was sure to make a worthwhile contribution in the improvement of the system.

He said that people were free

to make suggestions on matters related to local bodies which had not been covered in the questionnaire.

SATISFACTORY PROGRESS

The Minister said the local bodies had made satisfactory progress during the past over two years.

The present period represented a phase of institutionalisation of the process of the system.

He said that the Conciliation Courts Ordinance had been promulgated by the Federal Government and it was now up to the Provincial Governments to set up the courts. He hoped that it would not take long in setting up the courts.

Replying to a question he said that no one in the country liked acts of terrorism. The Government, he said, was taking necessary measures to check such activities.

The Minister, during his stay, would visit some interior places of the Multan district and inaugurate farm-to-market roads.—APP.

EFFORT TO STIMULATE INVESTMENT IN EXPORT PROCESSING ZONE

Kuala Lumpur BUSINESS TIMES in English 4 Aug 82 p 19

[Article by Mohammad Ziauddin in Islamabad]

[Text]

THE first project of Pakistan's export processing zone was fully operational last month marking Pakistan's entry into the EPZ business.

Owned by a Dubai-based firm, the aerosol-cosmetics manufacturing project was financed wholly by a foreign company.

So far, the government has allowed 25 foreign companies to establish manufacturing plants in the EPZ site in an all-out bid to attract foreign investors. EPZ is also known as Free Trade Zone.

The EPZ site totals 300 acres in Karachi's Landhi Industrial Estate, now a melting pot of foreign business interests from the Middle East, South Korea, Japan, the US, Canada and West Germany. Cost of construction alone of the 25 projects was estimated at US\$136 million.

Completion of the Dubai-based firm's project will be followed by that of South Korean garments manufacturer whose plant is scheduled to start trial operations early next year.

By mid-1983, two printing and packaging units will also start operations. Besides the four projects now on the final stages of completion, construction of four other plants is under way. Seven other projects are scheduled to be started before the end of the year.

This will bring to 15 the number of plants already started. To attract foreign investors in the EPZ, Pakistan is dangling a wide array of incentives ranging from tariff

concessions and cheap labour to unrestricted repatriation of profits.

Machinery and raw materials imported by the foreign firms for their plants are tax-free. Duties on exports from the zone would also be waived.

The State Bank of Pakistan has also allowed 11 banks, including eight foreign-owned banks, to operate within the EPZ as offshore banks.

These banks are authorised to raise loans and credits in foreign currency markets, fix their interest rates and operate beyond the pale of Pakistan's banking laws and regulations.

Besides the tariff concessions, Pakistan feels that another major selling point is the abundant supply of relatively cheap labour. Islamabad boasts of having adequate supply of manpower trained in medium level and even sophisticated technologies — thanks to the Pakistanis' exposure to Middle East technology.

Pakistan officials said that the country's skilled labourers would still work for lower pay in their homeland rather than in the Gulf states if jobs are available in Pakistan.

Development of the zone is going at a fast clip. One hundred acres are being developed for infrastructure facilities like roads, water supply sources, power stations, administrative buildings, customs houses, parking lots and warehouses.

Work on the zone's infrastructure is already 75

per cent complete. By June 1984, another 100 acres of the EPZ site would be completed at a cost of 370 million rupees (US\$31 million).

The EPZ proposal was first brought up in 1976, but it was approved only in 1979 in consultation with experts from the United Nations Industrial Development Organisation (Unido).

In line with Unido's suggestion, only relatively less complex projects would be allowed in the EPZ such as light engineering items, tractor manufacturing plants, fibre glass, artificial turf, ceramics, electrical switch gears, plastic materials, industrial alcohol, ready-made garments, printing and packaging units.

Heavy engineering plants and pollution-producing enterprises will be constructed in a separate site at the Moham-mad Bin Qasim seaport. About 1,000 acres of land in Port Qasim have been reserved exclusively for heavy industries.

Also on the drawing boards is a proposal to establish "mini-zones" within Karachi itself and another EPZ in Lahore.

The EPZ project might have received an unexpected boost from the Reagan administration which has chosen Pakistan as one of 10 developing countries targeted for foreign investments.

The US has already earmarked US\$50 million for private investments in Pakistan. The amount is part of the US\$3.2 billion military and economic aid package nego-

tiated last year with Pakistan. Similarly, the US commodity aid to Pakistan is expected to be invested in economic and development projects.

Japanese investors have also shown interest in investing in Pakistan. Only recently, Suzuki of Japan entered into a joint venture with a Pakistan firm for the manufacture Suzuki vehicles.

Aside from Japan and the US, Middle Eastern countries are also being wooed to invest in the Pakistan EPZ projects. So far, only foreign investors with repatriable investments and foreign investors in joint venture with other foreign investors with no repatriable investments have been allowed to set up projects in the Karachi EPZ.

But the EPZ authority plans to recommend an amendment to the law that would enable Pakistanis to invest in the zones. A foreign investor in the EPZ projects has only to fill up a simple application form and pay a non-refundable security fee of 500 rupees (US\$42). In return, the investor is exempted from the payment of federal, provincial and local taxes, Customs duties, sales tax, octroi charges and corporate tax.

He is also entitled to a five-year tax holiday on income, double taxation relief, investment guarantees, repatriation of capital and profit on foreign investment, and a wide range of banking, insurance and telecommunications facilities. — Depthnews Asia

NON-ALIGNED MOVEMENT'S ROLE LAUDED

Karachi MORNING NEWS in English 4 Sep 82 p 4

[Text] Apart from the super-haughty, super-ambitious and super-self-centred worlds of two superpowers which seem to cherish the ideals of attaining universal hegemony and brutal supremacy at the cost of the rest of the world, there exists another segmental of humanity--half of the mankind to be exact--which in its turn has joined hands in a state of valiant defiance and due to compulsions of self-preservation. They have taken up stand against the wrongs and misdeeds perpetuated on them by Western nations. With the newly forged unity and concerted efforts they have been putting up heroic struggles against colonialism, imperialism, Zionism, apartheid, hegemony and other forms of domination, intervention and interferences. The newly-liberated countries of Asia, Africa and Latin America have found in the policy of Non-Alignment which was founded two decades ago, a movement which can well be described as the collective expression of the resolve of nations to defend their political and economic independence. The membership of the NAM has increased from 25 countries (who participated in the First Summit in Belgrade, 1961) to 97 (at the Ministerial Meeting of the NAM held at Nicosia, July, 1982). In fact, NAM was founded in response to the need of the countries of the Third World to assert their right of self-determination. The intention was to consolidate peace, avoid wars and the prevailing tension in the world and to give these developing countries their natural role in the conduct of world affairs.

President Zia-ul-Haq in an interview published in a newspaper "Oslobodjenje" of Yugoslavia earlier this year commenting on the mutual problems existing among the Non-Aligned nations, had said they were just like family members who were capable of solving their own problems with mutual cooperation and understanding. "If we establish the superiority of principles and follow them strictly," he said, "the problems like Afghanistan, Iran and Iraq and Kampuchea would stand resolved." He said Pakistan as a young but enthusiastic member of the Movement was keen to see tensions removed from these areas and ideals of the Movement fulfilled. He said Pakistan had offered to India a no-war pact and hoped Indian response would be positive.

In a message on the day of the Non-Aligned which was celebrated on September 1, President Zia-ul-Haq has once again defined the ideology behind this effort of the Third World countries when he said the NAM must continue to speak courageously and with one voice whenever the inalienable rights of

the people were trampled upon or the sovereignty and territorial integrity of the States was violated. "In fact, the NAM has already developed into a positive and independent force in international relations. Israel's latest crimes against humanity, particularly its genocidal attack against the Palestinians in Lebanon, has shocked the conscience of the world. In our neighbourhood the brave people of Afghanistan are engaged in an epic struggle in defence of their sovereignty, territorial integrity, political independence and non-aligned character of their homeland. Kampuchea too, has been subjected to external military intervention and occupation. In South Africa racist minority regime tramples upon the inalienable rights of the majority community. In each of these cases, the Movement must continue to exert its moral and political force in the cause of freedom for all people," the President observed.

The President in his message further said: "Today, as we observe the day of the Non-Aligned, the world is passing through a critical period. The prospect for peace and economic progress have been marked by the increasing recourse to force in international relations in violation of the UN Charter. Apart from the danger to international peace and security, there is ever-present threat to sovereignty and independence and territorial integrity of the Non-Aligned nations. In these circumstances the Movement has a vital role to play in defending the basic principles of international law: non-aggression, non-intervention, non-interference and non-use of force."

During these 21 years of its existence the NAM has really earned a stature and a status. It has shown tremendous improvement in its coordinating mechanism. Member countries are not only cooperating in political matters, but also in trade, transportation, finance, communication, science and technology. Thus the Non-Aligned Movement has a significant role to play in the building up of an international society based on the principles of liberty and sovereignty and the right of all people to self-determination and justice.

CSO: 4220/355

PERSPECTIVES ON SOCIAL EVILS, REFORMS

Karachi MORNING NEWS in English 4 Sep 82 pp 4, 5

[Text] Those who heard and read the President's Independence Day speech on August 14 were impressed by his personal dedication and promise: "I want to set up a few standards today. Bribery and corruption are the major social menaces today polluting the society. Let us pledge to exterminate them."

Thus has begun "a year-long war" against the curses of bribery, nepotism, etc. Within hardly two weeks, the Government machinery has been set in motion through holding of an Inter-Provincial Conference which, in turn, has set up a number of committees. Indeed, within a month or so all the committees and high powered panels would submit recommendations for "Jehad" against corruption, bribery, illicit traffic of narcotics, illegal acquisition of property and spurious drugs and for bringing about Islamic moral reform.

While people of all walks of life do welcome the "commitment" of the Government to eradicating socio-economic evils they are not sure, because of past experience, whether actual results can be obtained on such a broad front when the malady is so deep-rooted.

What is needed most, from my point of view, is to be highly selective in reforms, projects or programmes (whatever you want to call them) so that we start the list with definite, indentifiable, action-oriented and punishable crimes and evils.

Generalizations, exhortations, preachings, advices, TV plays, discourses and committee reports are not the things which either the President of Pakistan or the common man would relish by the time of the next Independence Day in 1983 and this warning should be heeded by those Ministers, senior officials and leaders who have been given the earnest duty to implement the decisions taken by the President and the Inter-Provincial Conference of August 25, 1982.

Indeed, the first annual report on the eradication of corruption, bribery and social evils should have purposeful and concrete measureable statistical information on the results achieved. The common man also would by then know

the intensity of prevailing evils and corruption and let him not be frustrated again in his noble expectations when the Government has already used the term "Jehad."

Black Money

Let me also be specific and give a priority position to the eradication of black money. A social reformer would emphasise that "money is the root of all evils."

As an economist, I would underline that in the conditions obtaining in the Pakistan society, despite its Islamic inheritance and values, honest work is not treated as "ibadat" and is not fully rewarded and, indeed, dishonest people have made tons of money through bribery, smuggling, hoarding, favours in licensing, non-fulfilment of contracts, politicking, etc.

Some argue with me that by reverting to Islamic way of life or by Islamization of the economy, all these social evils can be reduced and eliminated. It is true that corruption is an attitude of mind and a pious Muslim should abhor illegal and unsocial corrupt practices whether in money matters or otherwise. But how long will it take to reform the people on these lines and who would do it and how? Debates on these questions have already become counter-productive.

However, the Government of the day must act and act fast to punish those who are corrupt and it is comparatively easy to catch and punish bribe takers (for example) because the Government personnel are also involved in this game. If the narcotics smugglers are being caught daily and more income-tax assesseees are brought to book every year, is it not the extra vigilance and honest work (I call Ibadat) of some of the Government officials? These things should be concentrated upon so that ill-gotten income and wealth are caught for confiscation.

It is also true that if the scheme and procedure for anti-corruption movement is not perfect, the rate of corruption goes up and more people operate "underground" and therefore, strict regulations or more controls cannot be the answer to our type of social maladies.

Controls

This brings me to the role of the Deregulation Committee. I suggest that its priority should be towards eliminating consequences of black money circulation in the economy.

First of all, the present level of black money which is the source and destination of corruption and bribery within the country and international transactions of Pakistan should be reduced drastically by helping it to be white money.

When we are approaching towards reduction of regulations and controls, the transformation of black money via official channels into formal banking and industrial investment would be most productive. This is not to reward past illegal practices but to condone it with a level of tax-margin so that we start with a clean state.

When de-linking of the rupee has been done and foreign exchange rates are on managed-float, there is a new philosophy on the anvil.

In any case, the De-regulation Committee is expected to suggest a suitable framework to encourage "fair competition: and promote economic justice. Now operation of black money is not creating conditions for either fair competition or economic justice.

Liberalization of imports of machinery and the concept that no questions would be asked if foreign exchange is brought into the country in cash or in kind, is also one of the ways of allowing black money to become white money. Later on, all loopholes have to be closed and regulation-breakers must be punished.

Punishment

Although the help of the Islahi Committees, formed at various levels throughout the country is sought for identifying and eradicating social evils and purging it of corruption, it is not clear as to how far reliance can be placed on them in towns or in villages, given the present tone of social and political structures. Some good-meaning people will give speeches and hardly corrupt people can be identified publicly and their ill-gotten wealth taken away from them.

Nevertheless, harsh punishment for corrupt officials and those who commit crimes on the highways, etc. are the only way known to be effective in this part of the world for the enforcement of the rules and regulations of the State.

For example, punishment to smugglers is hardly announced, although a lot of contraband goods worth crores of rupees are caught frequently. In fact, such announcements and the regular showing of crime-stories in the cinema and on television go to encourage a more criminally-minded people to take the risk and challenge for making the profession of corruption pay well. It is reported that the Government is considering to enforce death penalty on narcotics smugglers and in fact, the people would welcome such a step.

The present bank robberies and shoplifting can directly be related to these cinema and TV entertainments. When the Committee on Reformation of Society is being headed by the Federal Minister for Information and Broadcasting, I am sure he would do the needful and corrective measures not only in the negative sense of stopping bad entertainments but also positive measures of wholesome and healthy entertainment to young and old alike. Indeed the role of TV will be tremendous in contributing towards the success of the present movement for eradication of social evils, including bribery and nepotism.

The people are understandably looking towards the President of Pakistan for good results because he stated on August 25, 1982: "Reformation of society contains two elements: to correct the administration and to guide the people."

The President also added: "To correct the administration, it is the responsibility of the Government with the cooperation of the people." Indeed, the people are all with the President with their full cooperation to correct the administration and to root out bribery, corruption, nepotism, smuggling and all sorts of social evils.

CSO: 4220/355

PREVALENCE OF VIDEO FORM OF ENTERTAINMENT DISCUSSED

Karachi MORNING NEWS in English 4 Sep 82 p 4

[Text] I have a suspicion that the films over the VCR are not only the most important source of entertainment for the majority but also the most sustained source of all conversation. The films, the stars, the stories, the outdoor locations. And from here life itself. Indeed, the VCR provokes you into thought. Provocative thought.

I am not defending the VCR here. I think the VCR is able to and is going to defend itself. It is just a matter of time. You cannot force your back to the changes that modern technology brings in. Can you eliminate the transistor radio or the television?

However, what has been worrying me of late are the kind of people who want a ban on the VCR (I don't own one, mind you, and neither am I able to find time nor the right people with whom I can watch the VCR).

There have been some reports which indicated that the Government, too, was considering a ban on the VCR. Bear in mind that the films you see on it (most of them, that is) are banned anyway. That is the anomaly I can't understand. You can bring in the VCR as personal baggage, (duty paid, of course). But you cannot bring in the Indian films or foreign films. But that one assumes is part of a large cultural complication that we have not been able to sort out. But evidently technology does not wait for culture. It clearly conditions culture--almost arbitrarily. See what the little transistor it came and how it made the world smaller. How news travelled.

See what the VCR has now done. It has affected the world and especially the cinema industry. It has, therefore, struck the Pakistan industry, too. But I guess it is a world where the fittest survive and prosper. Surely to accommodate the film industry you cannot close the doors on the VCR. But what is more, even if one wanted to it would not be possible.

Furthermore, what do you do in a context where within a couple of years the television set that you have will be able to monitor television from various countries and of whom if not all of them will be projecting (if not propagating entirely) cultures that may threaten your lifestyle altogether.

One reason that I am talking of the VCR here is that so far I have been unable to keep pace with it. Perhaps I have my priorities all wrong. Utterly lopsided. The amount of VCR viewing that my friends and colleagues are doing makes me feel awfully handicapped. Sometimes I am so out of date that I don't even know they are talking about. I am sure it is happening to others as well. The names of the films and the stars and the finer points in both cases. I find myself talking about the merits and demerits of Pakistan Television or Pakistani cinema or the branch the limited range that the National Development Film Corporation (NAFDEC) feeds me with in the local cinemas and suddenly I realise that nobody is listening. Unless you talk about the VCR and the films that are available (and the variety and range is very, very impressive) nobody wants to talk to you about the PTV and what I have listed above.

VCR viewing, I am told, is not very expensive once you have been able to manage the initial costs. The films are cheap, easy to hire and without any complications. Besides if you have a few of your own then you can always exchange these with those who pursue this interest. It is a growing interest and, in fact, I can't think of anything which can compete with it.

One reason for this could be the scarcity of public entertainment and the rising costs of everything else. Including physical mobility. So a VCR is the answer for all those who are bored of life and weary of the routine fare that comes officially and it is a way to get funfare in the privacy of your home or somebody else's. And why limit it to homes only, asks a friend.

CSO: 4220/355

NEW CIVIL AVIATION AUTHORITY WITHIN A MONTH

Karachi MORNING NEWS in English 4 Sep 82 p 5

[Text]

Another report adds:

Final touches are being given to the draft ordinance sanctioning the creation of a new Civil Aviation Authority and it is likely to be promulgated in a month's time, the Secretary-General, Defence, Maj-Gen. (retd) M. Rahim Khan, said here yesterday.

He told newsmen that the rules and regulations for the new agency, which will take over the functions of the existing Civil Aviation Department, are being vetted by the Federal Ministry for Law.

He said the purpose of creating the new Authority was to speed up the construction of new and improved airport facilities at Islamabad, Lahore and Karachi, as well as other major air terminals in other parts of the country.

He said the existing airports at major stations in the country were insufficient to cope with the increasing volume of traffic, and so had to be expanded and improved.

The new agency will give high priority to the construction of better airport facilities at Islamabad, Lahore and Karachi and the modernization of air traffic and air control systems at all airports through the country, he added.

The existing Civil Aviation Department did not have sufficient powers in order to carry out these functions properly, and so a new agency (the CAA) with expanded authority was being created to fulfil them.—APP:

CSO: 4220/355

PRIVATE SECTOR AIRLINE OPTIONS CONSIDERED

Karachi DAWN in English 4 Sep 82 pp 1, 12

[Text]

High-level governmental discussions are under way on ways and means of coping with the increasing volume of air traffic, and three options are being considered in this respect, including the licensing of a private sector airline.

Talking to newsmen at Karachi Airport on arrival here from Islamabad yesterday, Maj-Gen (Retd) M. Rahim Khan, Secretary-General, Ministry of Defence, said the other two options were expansion of the Pakistan International Airlines Corporation (PIAC) aircraft fleet, or through a "combination of both the public and private sectors".

He said, all three options were being studied by the Planning Commission, in consultation with the Ministry of Defence, and this process would be completed within "the next few months".

Maj-Gen. (Retd) M. Rahim Khan — who is also Chairman of the PIAC — said since the National flag-carrier had more or less "reached saturation point as far as passenger seats are concerned", the air-travelling public was facing a lot of problems, because sometimes seats were booked for weeks in advance.

The Government wanted to remove the difficulties faced by air passengers, and serious consideration also was being given to, how to cope with the increasing number of passengers, he added.

He said the main problem in the way of expanding the PIAC's fleet

of aircraft in order to increase its "capacity to handle the demand for more seats, was the debt-servicing burden with which it was already saddled.

He made it clear that if at all it was decided to license a second airline in the private sector (which would not ask for financial guarantees from the Government), it would function in a manner that was "complementary" to the existing PIAC service, and there would be no "destructive competition" between these two organisations.

He said the number of people travelling by PIA was about three per cent of the national population, but this was "a very important and vocal" minority, the figures of which were rising and expanded air traffic facilities were essential in order to keep up with demands.

The re-organisation of PIA has been "progressing very well", and this process is now virtually complete, he said.

The PIAC Chairman said, "marked improvements" had been reported in three areas — reduction in the number of complaints by passengers, better flight regularity, and increased earnings.

He said over the past ten years PIA had "expanded four times", while the airport facilities provided by the Civil Aviation department had remained "static".

A "parallel expansion" of both the PIAC and Civil Aviation department was needed in order to cope with air traffic requirements, he added.

In view of these facts, he remarked, the foreign consultants had recommended that for the present the PIAC should eschew further expansion, consolidate its position and improve and streamline its working.

Aviation Authority

Meanwhile, final touches are being given to the draft Ordinance sanctioning the creation of a new "Civil Aviation Authority", and it is likely to be promulgated in a month's time, he said.

The rules and regulations for the new agency (which will take over the functions of the existing Civil Aviation department), are being vetted by the Federal Ministry for Law, he said.

The new agency will give high priority to the provision of better airport facilities at Islamabad, Lahore and Karachi and the modernisation of air traffic and air control systems at all airports throughout the country, he added.

The enquiry committee probing into the collapse of the roof at the Karachi Airport's Terminal No. 2 has completed its work and will submit its report within a couple of days, Maj-Gen. (Retd) M. Rahim Khan said. He added that finalising of the report had taken some time since it dealt with a number of technical matters which had to be scrutinised thoroughly.

The roof called "space-frame structure" imported from abroad, collapsed in the latter half of July last.

Responding to a query, he said, the enquiry committee report "will not be a cover-up", and "if there was any defect it will come out".

He said it was in order to avoid any chances of things being covered up that the probe was "deliberately not left to the Civil Aviation and PIA", and structural experts from the private sector were also included in the enquiry committee looking into the matter.—
APP

CSO: 4220/354

NATIONAL HOUSING POLICY FINALIZED

Karachi DAWN in English 4 Sep 82 p 1

[Text]

ISLAMABAD, Sept 3: The Environment and Urban Affairs Division has finalised the new national housing policy and presented it to Federal Government for approval, official sources told APP here on Friday.

The sources said: "The aim of this policy is to ease the housing problem and help adopt uniform housing policies by the Provincial Governments and other autonomous bodies".

This policy will help boost construction of houses in the country, officials hope.

The housing policy, they said, will help reduce the cost of construction and will remove undue hindrances in the growth of the housing sector. It is also hoped that the policy will reduce the financial burden of the would-be house owners by easing fiscal policies. It has already been decided by the Government to standardise the size of

plots. The maximum size of plots in the Government-sponsored township schemes will be 600 sq. yards, according to an earlier decision. It will change the trend of large investment in houses in urban areas.

The Urban Affairs Division is also formulating a National Building Code. The aim of the Code is to make uniform laws and by-laws for the nation building departments like P.W.D., C.D.A., and the Provincial Public Works Department. The Code will create uniformity in different existing procedures of various departments and will accelerate pace of development in the country, officials said.

A high-level committee, constituted under the direction of President Mohammad Zia-ul-Haq, is also finalising a national urbanisation policy. The future planning of towns and cities will be made according to this policy, the sources added.—APP.

CSO: 4220/354

STANDING BODY FOR UNIVERSITIES IN PUNJAB

Karachi DAWN in English 4 Sep 82 p 1

[Text]

LAHORE, Sept. 3: The Punjab Governor, Lieut-Gen. Ghulam Jilani Khan, has approved the setting up of a Standing Committee immediately, to monitor and assist the financial programming of the universities in the Punjab, vis-a-vis the University Grants Commission and the Federal Government.

The Committee will be headed by the Chairman, Planning and Development Board and has on it as members all the Vice-Chancellors and the Secretaries of Education and Finance. The committee, which would meet periodically would also coordinate and scrutinise development plans of the universities.

The decision was taken at the first Vice-Chancellors' conference held in Lahore on Thursday under the chairmanship of the Governor, who is also Chancellor of the Universities in the province. The Provincial Minister for Education, Mr. Hamid Nasir Chattha, Chief Secretary, Chairman Planning and De-

velopment Board, and other senior officers attended. All the Vice-Chancellors of Universities in the Province were also present.

The Governor stressed the need for encouraging the private sector to play its role in promoting education and research in the province. He said all facilities should be provided for the promotion of higher education.

The universities, he added, should carefully prepare their development projects and set out priorities clearly to ensure smooth flow and utilization of funds. He also directed that the results of research conducted by our scientists should be provided to the researchers in the shape of awards, rewards and prizes, he added.

The conference discussed in detail matters relating to allocation of fund, promotion of higher education, centres of excellence, standard of education, student discipline and requirements of research.

CSO: 4220/354

PAKISTAN

BRIEFS

PRESSNOTE ON ATTACK ON DIPLOMAT--The deputy commissioner of Karachi, East, has issued a pressnote stating that an unidentified young man fired three shots at the car of the acting consul general of Kuwait but escaped unharmed. The pressnote said that the assailant disappeared in no time and, according to the description of the people present at the site, looked like a foreigner. Police arrived at the site at once and have started their investigation. [Text] [BK161538 Karachi Domestic Service in Urdu 1500 GMT 16 Sep 82]

SAFDAR ON TERRORISTS--Federal Advisory Council chairman Khwaja Mohammad Safdar has said that the government is taking measures to crush terrorists. Talking to newsmen in Karachi yesterday, he said that the terrorist activities will further slow down the process of establishing democracy in the country. [Text] [BK150341 Karachi Domestic Service in Urdu 0200 GMT 15 Sep 82]

COUNCIL MEMBER ACCIDENT VICTIM--A Federal Advisory Council member from Hyderabad, (Zibrin Siddique), was killed this morning when a trolley collided with his car at Kazi Ahmed in the Nawabshah District. Sind Governor S.M. Abbasi has condoled his death. [Text] [BK141540 Karachi Domestic Service in Urdu 1500 GMT 14 Sep 82]

HAQ ON AFGHANISTAN--President Gen Mohammad Ziaul Haq has said that Pakistan is endeavoring for a political solution to the Afghanistan issue. He was talking to newsmen at Peshawar airport this afternoon before leaving for Rawalpindi following a brief visit to Peshawar. However, the president emphasized that Pakistan will not compromise on four principles. These principles are the withdrawal of foreign troops from Afghanistan, restoration of the nonaligned Islamic status of Afghanistan, arrangements for the safe and honorable return of the Afghan refugees to their country and the right of the Afghan people to elect a government of their own choice. Answering a question on the appointment of ombudsman, the president said everything has been done in this connection and he is assessing who will be the appropriate person. Answering another question, he said cooperation of the mass media is necessary to make the campaign to eradicate all evils from the society successful. [Text] [BK131609 Karachi Domestic Service in Urdu 1500 GMT 13 Sep 82]

FUNDS TRANSFER FROM AFGHANISTAN DENIED--Karachi, 31 Aug--The Karmal regime has refused to allow the transfer to Pakistan of 3.9 million rupees belonging to Khan Abdul Ghaffar Khan, the Pashtun leader and leader of the Khudai Khidmatgar movement. Khan Abdul Ghaffar Khan had deposited this money in Afghan banks in

Kabul. He had received the money in the form of gifts from India and had put the money in Kabul for safekeeping. During his latest visit to Kabul for medical treatment, Khan Abdul Chaffar Khan had asked the permission of the Afghan Government to transfer the money to Pakistan. The Karmal regime refused him permission to do so. Circles close to the Pashtun leader in Peshawar say that Khan Abdul Chaffar Khan is very much annoyed at the attitude of the Afghan Government. Meanwhile, it has been learned that Begam Wali Khan [daughter-in-law of Khan Abdul Chaffar Khan and wife of Abdul Wali Khan] is planning to set up an enterprise in Pakistan which requires heavy capital investments. A site for the enterprise has been earmarked while permission is being sought from Pakistan Government to import the machinery needed for the enterprise. [Text] [GF131910 Lahore JANG in Urdu 1 Sep 82 pp 1, 8]

WAPDA TO CONDUCT SURVEY--Lahore, Sept 3--Water and Power Development Authority (WAPDA) will shortly conduct a countrywide load survey to assess the requirements of the country and to make their future planning regarding laying of transmission lines and setting up grid stations accordingly. The survey will be conducted by the area Electricity Board in their respective areas. This was stated by the Chairman WAPDA, Maj Gen Ghulam Safdar while addressing the Councillors of Sargodha. [Text] [Karachi DAWN in English 4 Sep 82 p 1]

EXPORTS TO SRI LANKA--The Export Promotion Bureau has invited suggestions from Karachi Chamber of Commerce for boosting exports to Sri Lanka. In a communication to the Chamber, the Bureau pointed out that opportunities existed for furthering exports of fabrics to Sri Lanka. Such possibilities are to be investigated and recommendations in this regard to be sent to the Bureau. It was also noted that the Sri Lankan readymade garment industry set up in their export free zone offers excellent opportunity for supplying inputs such as cloth, buttons, thread, zip fasteners, etc. Export potential of these items should be investigated and findings be communicated to the Bureau. [Text] [Karachi DAWN in English 4 Sep 82 p 8]

COTTON PRODUCTION TARGETS--Cotton production in the country during the current season is expected to meet the target of 4.8 million bales. According to the initial indications available in Karachi from Punjab and Sind the position of cotton crop is excellent as no major case of infestation or disease has been reported so far. Picking of the cotton crop has already begun in Thraparkar and Badin districts of Lower Sind where ginning units have also reported arrival of cotton. Increase in cotton production during the current season is significant because the acreage level of cotton cultivation has remained at the same level as of last season. Emphasis was laid on improvement of productivity per acre for which the government took a number of steps like increasing supply of quality seeds and inputs, which are expected to yield positive results in terms of better production. The target of cotton production prescribed for Punjab during the 1982-83 season is 3.17 million bales while that of Sind 1.63 million bales.--PPI

COAL FOR POWER PRODUCTION--Quetta, Aug 30--The World Bank has prepared a report to use Baluchistan coal for the production of electric power in the province. The report indicates availability of sufficient quantity of coal at Machh, Harnai, Sharigh, Khost and Dukki in the province to run small sized power stations. Already two units of 7.5 MW run on coal are working at Sheikh Mandi near Quetta.--APP [Text] [Karachi DAWN in English 31 Aug 82 p 4]

SHOOTING OF KUWAITI DIPLOMAT--Karachi, 16 Sep (AFP)--Unidentified gunmen opened fire on the Kuwaiti Consulate here today, wounding the acting consul, police sources said. Muhammad Salih al-Jutayli was rushed to the hospital with bullet wounds to the hands after assailants fired on the consulate building around 10:25 a.m. His condition was later described as satisfactory. Two gunmen were seen escaping in a waiting car. Local police cordoned off the consulate after the incident and Kuwaiti officials there were referring all queries to Pakistani authorities. The attack came just three days after the murder of Zahurul Hassan Bhopali, a member of President Gen Mohammad Ziaul Haq's Federal Advisory Council. Police suspected Palestinians in today's incident, but observers said there had been no violent incidents involving Palestinians here since a 1978 attack against the Iraqi Embassy in which one Palestinian gunman was killed and another wounded. [Text] [BK161022 Hong Kong AFP in English 1010 GMT 16 Sep 82]

CSO: 4220/369

ADB TECHNICAL AID FOR PORT SYSTEM

Kuala Lumpur BUSINESS TIMES in English 20 Aug 82 p 11

[Text]

THE Asian Development Bank has agreed to extend technical assistance for the Papua New Guinea Harbours Board (PNGHB) to review the requirements of its port system and prepare a rehabilitation and development programme.

At present, PNGHB manages 16 of the country's 50 ports, 10 of which handle overseas trade. The total cargo volume handled through PNGHB ports has, on average, grown by 6 per cent a year since 1969.

This trend is expected to continue and ongoing development projects in forestry, agriculture, mining and fisheries are expected to lead to substantial traffic increases at the leading ports of Kimbe, Oro Bay, Wewak, Vanimo and Kavieng.

This anticipated increase in traffic volumes will necessitate the further development of the country's currently inadequate port system. Under the bank's technical assistance, consultants will undertake a comprehensive two-phase review.

Phase I will comprise a brief preliminary technical

and economic analysis of all PNGHB ports to determine the overall development programme necessary to meet forecast traffic for the 10-year period 1983-1992 and to establish the development priorities among the ports. This will be reviewed by the government and the bank, after which a development programme will be decided.

Under Phase II, the consultants will carry out detailed feasibility studies for the selected ports and recommend optimum expansion/improvement programmes for each of them and provide the information needed to formulate a suitable project.

It is estimated that about 15 man-months of consultant services would be required, including professional expertise in the fields of port engineering, transport economics, shipping and port operations.

Additionally, about 12 man-months of services of local professional staff will be provided by PNGHB. The work of the consultants is expected to begin in January 1983 and end in October 1983.

CSO: 4220/664

NATIONWIDE TERRORISM REPORTED

HK100141 Manila TIMES JOURNAL in English 9 Sep 82 pp 1, 10

[Text] Reports from all over the country yesterday showed an increase in terroristic activities by the communist New People's Army [NPA] and the secessionist Moro National Liberation Front. Military authorities expressed fears that this upsurge of terrorism could be the start of the uncovered plot to overthrow the government.

This week eleven government troopers, terrorists and civilians were killed in separate encounters in Luzon and Mindanao. In Quirino, Ilocos Sur, heavily armed terrorists raided the town hall and killed two policemen. The raiders, led by Jovencio Balweg, brother of renegade priest Conrado Balweg, also took the policemen's three armalite rifles, one carbine, four revolvers and assorted rounds of ammunition. Killed in that raid were Patrolmen Jose Lumidao and Raymundo Gayad. Their bodies were found along a dirt road near the suspension bridge, a kilometer away from the town proper. Two other policemen locked themselves up inside the town jail and were rescued the next day.

The report of the attack could not be relayed immediately to the PC [Philippine Constabulary] headquarters in Bulag, Bantay, due to lack of communications.

In Davao City, two terrorists believed to be on a bombing mission were shot to death by PC men. Brig Gen Pedrito C. de Guzman, PC region 11 commander, said the two terrorists had been under surveillance since Monday night when they were spotted. De Guzman said the slain terrorists each carried several identification papers and there was no way of identifying them. Their bodies, bearing tattoos, were taken to a funeral parlor in Davao City. De Guzman said that the two terrorists resisted when PC men tried to inspect the bag they were carrying as they went out of a hotel. The PC men, De Guzman said, fired at the terrorists when one of them tried to shoot it out with the lawmen. Four grenades and two sidearms were recovered from the slain terrorists.

In Balingasag, Misamis Oriental, two top leaders of the NPA were killed in a gun-battle with PC men. They were Benito Kamunang, alias Kumander Amor. PC men seized from them two 22 caliber revolvers. Capt Juanito Caballero, commanding officer of the 4th PC Company, said the two rebels were extorting money from residents to buy firearms.

In Barangay Paitan, Bukidnon, two PC officers were seriously wounded when they were attacked by seven terrorists inside a store. A PC report said PC Lt Abraham Magao and Sgt Ramon Gapos were eating inside a store when the rebels' liquidation squad started firing at them. Thinking the two were already dead, the rebels left, bringing with them the wounded officers' firearms. Also in Bukidnon, rebels killed three civilians whom they suspected to be government sympathizers. Killed were Ricardo Caballero, Robin Rana and Dolores Nardon. In Tapaan Island, Siasi, Sulu, two terrorists were killed in a 40-minute gunbattle with soldiers last Saturday. The Sulu PC command said a joint PC-police team led by Capt Alhari Udden of the 477th PC Company was on a patrol when it chanced upon the heavily-armed group. Maj Porcawa B. Dia, of the ninth PC-INP regional command, said the group was led by a certain Commander Idah Kalayakan. Kalayakan and his men later retreated toward the southern part of Tapaan.

CSO: 4220/377

PHILIPPINES

MANILA COLUMNIST ON DEATH TOLL IN ANTIDISSIDENT STRUGGLE

HK040205 Manila BULLETIN TODAY in English 3 Sep 82 p 6

[Article by Apolonio Batalla: "Cost of Struggle"]

[Text] From the military point of view violent dissidence here cannot be considered significant. It has often been stated that it is under control. Indeed, not one barangay in the country is under rebel control.

But the seriousness of the problem lies partly in the continuing loss of lives and partly in the effects of the killings on the social fabric.

Hardly a day passes that no soldiers, rebels, civilian home defense personnel, suspected informers innocent civilians are not reported killed in this grim political struggle.

If the deaths are by themselves deplorable, their psychological effects on the population are cause for worry. Somehow, people [word illegible] that the conflict does not worsen. The trouble is there has been no development to nurture the hope.

People who have had the opportunity to ponder the problem are tempted to ask why it could have happened in a country that is otherwise blessed with many good things in life.

Filipinos are proud of their high literacy rate, their system of universal education, individual freedoms, religions, cultural heritage, and so on. All those things argue strongly in favor of political integrity.

But in this part of the world, with the notable exception of Kampuchea, this is the only country where people die almost every day as the forces of government and the dissidents fight each other without letup.

We are reminded of the rebel infested regions of Thailand, Burma, and Malaysia. But the death rates in those remote places do not match the mortality rate in Philippine provinces.

Here, it seems the death rate is taken for granted, as if the grim statistics hold no implication for the families of soldiers and rebels slain in combat,

as if there is no chance that the hurt will be engraved in memory and that memory cannot give momentum to a conflict that can destroy the social fabric.

In its capacity as pater familias, the government can formulate any kind of solution to stop the bloodshed.

About the middle of the last decade, the Argentine Government decided on a hard line against the dissidents, matching terror for terror. In the years following the advent of military rule, the Government of Chile decided on mass liquidation.

A lot of unfavorable things have been said about the Polish Government during martial law, but reading the news accounts one cannot help but conclude that while the government has been severe it has opted for mass arrests, rather than for mass liquidation.

That is a totally different policy from Tran's under the present regime, which summarily tries suspected enemies of the state and executes them.

Philippine conditions and the overall policy with regard to armed dissidence are another story. Here the soldiers search for the rebels. Rebels are either arrested or killed in combat. If arrested, they are tried. There are people who have been sentenced to death, but the sentences are not carried out for one reason or another. Death does not occur in the course of the adjudication of the criminal cases, but in ambushes and combat in the field.

Soldiers get killed just by riding on buses, which shows the seriousness with which the dissidents pursue their mission.

Some men of the cloth have joined the rebel ranks, and this shows the seriousness of the political struggle.

Under the law, those priests are wrong. But from their philosophy of life, they think they are right. In those cases, must death necessarily be the arbiter?

Is there no mode of settlement that transcends the essentially short-sighted logic of political violence?

Since the government is the pater familias, it is up to it to think of a way of eliminating the sources of instability while saving human lives.

And it is not enough to confine our thoughts to the present, which is exacting a heavy toll. Let us also think of future possibilities. If, for example, this killing business drags on for many more years, it is not logical to assume that it will have no adverse effect on the political situation.

CSO: 4220/377

TRANSNATIONAL CORPORATIONS GEARED TO MANILA MARKET

Kuala Lumpur BUSINESS TIMES in English 11 Aug 82 p 19

[Article by Feliciano Magno in Manila]

[Text]

TRANSNATIONAL corporations (TNCs) operating in the Philippines concentrate on exploiting the local market and are engaged mostly in import substitution, according to preliminary results of a survey that covered 29 representative firms.

Their production is "disproportionately" geared to the Metro Manila market and for the affluent, with only two selling consumer goods to the other lower-income groups, the study found. Metro Manila, with a population of more than eight million, is composed of 13 towns and four cities.

The survey reported that due to pressure from the Philippine Government, some of the TNCs have lately ventured into exports but at a very insignificant level. It was conducted by Mr Charles W. Lindsey of the Singapore-based Institute of Southeast Asian Studies in cooperation with the University of the Philippines' School of

Economics.

Mr Lindsey, who said the study was assisted in part by a Fulbright research grant, said 40 TNCs were approached but only 29 agreed to participate. He added that the survey was undertaken late 1980 and early 1981 with data gathered still subject to deeper analysis.

Of the participating TNCs, 17 were American, seven Japanese and five European. Of the 29, four are in food processing; three in soap and detergent; four in pharmaceutical; three in motorcycle manufacturing; four in television; four in other electrical appliances and light industry; and two in the paper industry.

Restriction

The study found the TNCs to be "largely engaged in the later stages of manufacturing — assembling, formulating, packaging, etc. They are dependent on imports for

their intermediate inputs."

However, it noted that use by some of the TNCs of local content for their products has started to increase but continues limited to the simple parts or inputs.

It further observed that a few of the TNCs have resorted to subcontracting, thus helping generate some growth for Filipino industry. However, it noted such assistance to local suppliers is still restricted.

Another positive aspect of TNC operation in the Philippines is training of local management personnel who are benefited the most compared to production workers in hire of the TNCs. The study said TNCs on-the-job training programmes for production workers are of short duration as against the full-time extended to management personnel.

One reason for this is the existence of pools of skilled workers in areas where the TNCs,

operate. In providing on-the-job training, the TNCs merely teach the workers how to increase their job proficiency and adapt their skills to needs of the TNCs.

The technology transfer aspect of the TNCs was found by the survey to be severely restricted. This finding was made in determining choice of equipment of the TNCs.

Most of the TNC officials interviewed said their advantage over local producers does not lie in their control of equipment but "in the knowledge of the production process and advances in production and product technology."

In summing up his preliminary findings, Mr Lindsey said his study "points to some areas of contribution by the multinational firms in the Philippines. However, that contribution may not be as widespread as generally thought." — Depthnews Asia

DRIVE TO EXPORT NONTRADITIONAL PRODUCTS

Ruala Lumpur BUSINESS TIMES in English 17 Aug 82 p 1

[Text]

THE Philippine government is launching a major drive in seven new non-traditional product lines to boost foreign currency earnings by 250 per cent over the next five years.

The new strategy is centred on a systematic product and market development for garments, furniture, gifts and houseware, footwear and leather goods, fresh and processed foods, electronics and construction services. The products' income-generating performance over the past five years had been termed "phenomenal" accounting for about 50 per cent or US\$3.2 billion of total Philippine exports of US\$6.5 billion in 1981.

The master plan was drawn up by the seven committees created by Trade and Industry Min-

ister Roberto Ongpin for each product to determine the target markets, projected income, promotional tools as well as action plans for areas of production, marketing and financing.

Under the integrated export strategy, the seven products would be made competitive by world standards through continuous quality development.

Aside from the traditional markets like the United States and Japan, sales outlets would be diversified to include the Middle East, the European Economic Community and the communist countries.

Contacts and exposure for the products would be boosted through trade fairs and selling missions as well as efforts of the

country's commercial attaches abroad.

The Philippines' traditional exports like copper, sugar, coconut and lumber had not been generating the expected foreign exchange due to the low prices they command on the world market.

Under the export strategy, revenues from the seven priority products are estimated to grow by 250 per cent in five years to generate a total contribution of US\$11.4 billion by 1987.

Expected to contribute the most is the construction services sector whose income of US\$782 million is projected to shoot to US\$3.4 billion by 1987 on the basis of a 30 per cent annual increment in new contracts.

Electronic semi-conductors, where annual

MANILA, Aug. 16

average growth is projected at 14.5 per cent, are expected to earn US\$1.6 billion at the end of the period while garment sales would account for US\$2.2 billion compared to 1981 revenues of US\$685 million.

Other income projections at the end of the five-year period include US\$1 billion for gifts and housewares, US\$1.8 billion for fresh and processed food products, US\$846 million for rattan and furniture and US\$500 million for footwear and leather goods.

These estimates were made by considering the existing capability of local industries and the capability of their production units to absorb increased export production requirements. — AFP

CSO: 4220/665

WAR OF WORDS BETWEEN CHURCH, STATE

Kuala Lumpur BUSINESS TIMES in English 23 Aug 82 p 22

[Article by Manolo B. Jara in Manila]

[Excerpts]

"If Cardinal Sin is the Filipino Khomeini, who is the Filipino Shah Pahlavi?"

This question was posed by a Catholic lay leader in the latest flare-up of frayed nerves and tempers that have characterized relations between the Marcos regime and the powerful Roman Catholic hierarchy in Manila.

The lay leader, Mr Vicente Barranco, was joined by leading members of the Catholic clergy in defending Cardinal Jaime L. Sin from concerted attacks by Marcos administration officials.

The attacks arose from the Cardinal's call for President Marcos to resign because he has lost the respect of the Filipino people. Interviewed by UPI, he added that the President should make way for a new leadership to stem growing communist influence in the country.

Vehemence

According to the Cardinal, Mr Marcos had failed to solve the country's problems despite 16 years of uninterrupted rule, including eight under martial law. "He has been given all the opportunity," Cardinal Sin said. "No other President has been given such an opportunity. He cannot blame the people because he has been there for so

long and he could have already given a solution to the problems of the country."

The outspoken Cardinal has never minced any words on issues like church-state relations, human rights, alleged military abuses and "radical" members of the clergy. He has repeatedly asserted that he would speak out on vital issues under his policy of "critical collaboration" with the government.

And this stance has often brought him into a direct confrontation with the government. But the official response to the Cardinal's call for the President to resign jolted even the normally placid Catholic hierarchy by its vitriol and vehemence.

The Press statement of Political Affairs Minister Leonardo Perez is a case in point. Mr Perez accused the Cardinal of harbouring ambitions to succeed President Marcos. He claimed that this ambition "is widely known in the circles of the clergy and some lay leaders."

But what set off the Cardinal's most ardent defenders into a furious fit was Mr Perez's description of him as a "Filipino Khomeini" and this statement: "With full knowledge that Cardinal Sin just recently recovered from an illness

of typhoid, the Filipino people will surely understand his latest hallucination."

Cardinal Sin refused to be drawn into the fray which has "degenerated into a vicious, no-holds-barred confrontation," as one keen observer put it. When the furore broke out in late July, the Prelate was about to leave for the US on a speaking engagement. He returned to Manila on Aug. 9.

But his closest aides were not to be silenced. Typical of the response was that made by Catholic lay leader Mr Barranco. He called Minister Perez a "barking worshipper of martial law and its chief preacher and practitioner."

Mr Barranco, a former journalist, likewise took issue with the Minister's description of the Cardinal as the "Filipino Khomeini." Said he: "Perez went only half way. He should have completed his allusion and comparison by pointing out openly to the Filipino people who is the home-grown Shah that produced a local Khomeini."

He added "Perez should be brave and man enough to pursue his reference to Iranian politics by citing the circumstances that led to the downfall of the Shah of Iran and the rise of Khomeini to power.

"These include the abuses of the Shah's military against the people, graft and corruption, extravagance, salting away of Iranian wealth to US banks and stocks, repression of civil liberties and freedom, and haughty indifference to the welfare and adequate livelihood of the Iranian people."

In a related development, Defence Minister Juan Ponce Enrile chided Cardinal Sin on the reported involvement of some priests and nuns in Samar in Central Philippines with the subversive New People's Army. UPI quoted the Cardinal as saying that he cannot say there are no priests who have joined the NPA "because we all make mistakes."

At the same time, the Minister told church leaders that they cannot engage in political action without violating the law. He reminded them that the Philippine Revolution in 1896 was "ignited by the interference of the church in state affairs."

Mr Enrile's stern warning was met with an equally strong retort by an outspoken cleric who insisted that the church would be reneging on its duty as the "conscience of the nation" if its members remain silent on "our politics which is riddled with graft and corruption." — Depthnews Asia

MANILA COLUMNIST LOOKS AT NATIONAL LIVELIHOOD PROGRAM

HK150147 Manila BULLETIN TODAY in English 13 Sep 82 p 31

["Mind Your Own (Small) Business" column by Eduardo M. Taylor, director of University of Philippines Institute for Small-Scale Industries: "A Year of KKK"]

[Text] A year of the KKK [Kilusang Kabuhayan at Kaunlaran] (the centerpiece in the country's development program) has passed wherein we are constantly urged to believe that so many millions of pesos have been lent to hundreds of KKK projects, benefiting thousands of our less privileged countrymen in the rural areas. A pertinent question to now ask is: Just how much does it cost us to execute the program?

Restated, how much is being spent for every peso lent? To the economist or businessman who is concerned with the question of "transaction cost," the cost of lending every peso should not exceed the amount it should bring back to the original fund upon its repayment. After all, it has been emphasized that the KKK is not a dole-out but rather an honest-to-goodness business transaction aimed to provide seed capital that will enable new livelihood projects to emerge and grow.

It would be interesting to make a study on the transaction costs of KKK projects, considering the thousands of people in the government payroll, plus all the facilities and administrative expenses that are required to oversee such a huge and grandiose program. It would be understandable that initial costs to start up the program would be high, but whether these costs are being lowered as it is spread to hundreds of projects should be an indication on how well the program is moving along or whether the pit where funds are being poured into is indeed bottomless.

After all, the beneficiaries of the KKK program are not supposed to be the thousands of government people charged with implementing it and, doubtless, this is not what economic planners have in mind when they speak of employment generation. Inefficiency in implementing the program and investing in unviable projects likewise mean precious funds going to waste.

The KKK has the makings of a truly worthy undertaking. In time, who knows, it might just prove to be one of the best and wonderful things to happen in this

country in this decade. But, meanwhile, government finances being what they are today, let us hope that the resources at its disposal will not be spent on building a gigantic and expensive delivery machine, manned by countless officers, only to find out in the end that not enough funds are available to run the machine. Like other government projects, we can only hope the KKK does not run out of gas.

CSO: 4220/377

PHILIPPINES

BUSINESS PAPER ON IMF LOAN PROSPECTS

HK150159 Manila BUSINESS DAY in English 14 Sep 82 p 3

[Feature by correspondent Conrado R. Banal III: "RP Has Yet To Ask IMF for Credit Line To Cover '82 Payments Deficit"]

[Text] The Philippines has yet to get new credit lines from the International Monetary Fund to cover this year's deficit in international payments.

The Philippines has had credit arrangements with the IMF since 1962. The latest was for 1980-1981, preceded by a one-year line for 1979 and a three-year arrangement for 1976-1978.

Government officials had said Prime Minister Cesar E. A. Virata and Central Bank [CB] Governor Jaime C. Laya would try to make the first step for negotiations on a new IMF loan during the IMF-World Bank conference held recently in Toronto, Canada. If a promise is made by the IMF, details would be threshed out later.

Asked whether the Philippines has obtained the credit line, Laya said yesterday that borrowings of particular countries are "not discussed" during IMF-WB annual meetings. He indicated that formal discussions with the IMF have yet to be made.

Various accounts of past IMF-World Bank meetings indicate that loan agreements--whether between governments, with multilateral institutions, or between private sectors--are usually firmed up during the conferences, which provide an occasion for borrowers and lenders to sound off on loan propositions that may eventually lead to formal negotiations.

Sources in government yesterday said Virata is in Washington, where the World Bank and the IMF are based. An informed source said Virata, during his trip will hold discussions with the World Bank and the IMF, possibly on new loan commitments.

Both Virata and Laya earlier have said the Philippines has yet to formally apply for new IMF lines.

Need: However, there is apparent need for the credit lines because of an expected huge payments deficit this year.

CB statistics show the payments deficit reached \$675 million, during the first semester against the \$500-million deficit projected for the entire year. A revised but still unofficial CB projection places the deficit at a minimum of \$720 million this year.

As the IMF has noted in a report on the Philippines, this deficit can no longer be narrowed by using the country's international reserves, as was done last year.

The volatility of interest rates abroad would also pressure the country's debt service, if the deficit were financed by commercial borrowings.

Moreover, sources in the CB said, the country has paid for its oil bills from shortterm loans in recent months, a departure from the practice of using longterm loans. Foreign exchange constraints in the next months would prevent the country from stretching its shortterm loan availments, they said.

Conditions: The IMF lends at concessional terms to its member countries that suffer payments deficits, but it also imposes conditions for such so-called standby lines. The Philippines wants to borrow through this line about \$140 million to support its economic restructuring program, which is burdened by the huge payments deficit.

The IMF earlier advised the government to reduce its investments so that its budgetary deficit and international payments deficit can be similarly brought down.

The government recently approved a national budget for 1983 which is effectively lower than this year's. Virata moreover said before he left for the IMF-World Bank meeting that the government also plans to slow down on its investments, as reflected in the budget allocation for 1983.

The Philippines also wants to tap the compensatory financing window of the IMF, which is used for covering the shortfall of a country's export earnings as against its import payments. The IMF's formula for determining the amount of lendings to a particular country takes into account future prices of the country's exports. With less export earnings because of lower prices the country would merit IMF assistance through this window.

Economists in both government and private sectors agree that sugar and coconut oil prices, the leading traditional Philippine exports, have no bright prospects in coming months. Sugar is at its three-year low, while coconut oil is on a downtrend.

Economists foresee a possible upswing in log and wood products because of the increasing number of housing starts in the U.S., but these commodities account for only a small portion of export earnings. Copper and other metals, aside from gold, have no prospects, for a boom, they said.

CSO: 4220/377

PHILIPPINES

BRIEFS

STATE OF CALAMITY 'AREAS'--Before leaving for the United States, President Marcos turned his attention to an emergency. Assessing the damage left by typhoons Ruping and Norming, the president declared five regions under a state of calamity. The regions covered 21 provinces and 8 cities which were most badly battered by the typhoons. The provinces declared as calamity areas in Northern and Central Luzon were Abra, La Union, Pangasinan, Ilocos Sur, Ilocos Norte, Zambales, Bataan, Bulacan and Pampanga. In Southern Tagalog and Southern Luzon, the provinces named as calamity areas were Quezon, Mindoro Oriental, Batangas, Cavite, Laguna, Rizal, Albay, Camarines Sur and Norte, Sorsogon and Catanduanes. In Western Visayas, Capiz and Iloilo were declared as calamity areas. The state of calamity in the cities and provinces strictly prohibits profiteering and hoarding in those areas, making them punishable. The president directed all offices of civic relief agencies to extend all possible assistance to the typhoon victims. Ruping and Norming left some 12,000 families homeless and destroyed millions worth of public and private property, and some crop lands and fish-beds. The death toll from Ruping alone has reached almost 50. [Excerpts] [HK150022 Manila Domestic Service in English 2300 GMT 15 Sep 82]

TROOPS KILLED IN AMBUSH--Manila, 14 Sep (AFP)--Suspected Filipino Muslim rebels killed at least nine government troopers while losing two of their men in an ambush in Southern Philippines, military sources said today. Sources said the ambush on Friday [10 September] also resulted in the wounding of five more soldiers and an undetermined number of suspected rebels at the remote mountain village of Abas, in Arakan, North Cotabato, some 832 kilometers (520 miles) Southeast of Manila. A surviving soldier told his rescuers that the constabulary (national guard) unit came from a routine patrol in the area when the heavily armed group ambushed them. [Text] [OW141121 Hong Kong AFP in English 1058 GMT 14 Sep 82]

AMBUSHES, SHOOT-OUT DEATHS--Nine constabulary soldiers and five dissidents were killed in ambushes and shoot-outs in North Cotabato and Angeles City, according to reports reaching Manila. The nine soldiers were killed in an ambush by a group of rebels in Araka, North Cotabato, last Friday. A belated report said the government troops killed five of the ambushers in the ensuing gun battle. The ambushers were identified as members of the Moro National Liberation Front. Meanwhile in Angeles City, three of four heavily-armed men were killed in an encounter with constabulary highway patrol troopers along the provincial highway. Authorities said the armed men were on a bombing mission. [Text] [HK150033 Manila Far East Broadcasting Company in English 2330 GMT 14 Sep 82]

TYPHOON-HIT AREAS PROCLAMATION--Manila, 14 Sep (AFP)--President Ferdinand Marcos today declared a state of emergency in 21 provinces and eight cities hardest hit by two recent typhoons. He also released an initial 10 million pesos (1.15 million U.S. dollars) to aid the typhoon victims and repair bridges, and roads. The presidential proclamation was issued to prevent excessive increases in the prices of prime commodities due to profiteering and hoarding. The president also directed the Ministry of Agriculture to immediately distribute palay and corn needs at subsidized prices or grant palay and corn seed loans wherever necessary in order to enable farmers in the afflicted areas to replant. All government agencies concerned were also directed to implement and execute rescue, relief and rehabilitation work in accordance with existing operational plans. [Text] [OWI41409 Hong Kong AFP in English 1358 GMT 14 Sep 82]

CSO: 4220/377

REDUCTION IN PROJECTED ECONOMIC GROWTH RATE

Kuala Lumpur BUSINESS TIMES in English 13 Aug 82 p 2

[Text]

SINGAPORE'S economic growth will return to an annual rate of 8 to 10 per cent in 1984.

This is the feeling of big business groups and many economists who agree with the Prime Minister's revised forecast that the Singapore economy is likely to grow between 5 and 7 per cent this year. As for the next few years, they have forecast a growth of 5 to 8 per cent.

The economy, they agree, is going through a rough phase because of the international recession. But there is no cause for panic as the undertone of the economy is still firm.

The executive director of the Singapore International Chamber of Commerce, Mr Roderick Mclean, said on Wednesday: "We are heading for rough weather but not a crisis."

"The government's revised forecast of 5 to 7 per cent economic growth this year does not come as a shock to us."

"We expect lower growth for 1982. Late last year, the SICC forecast 5 to 7 per cent growth for 1982, which tallies with the government's revised projection."

Mr Ong Leng Chuan,

chairman of the Singapore Manufacturers Association, said: "We certainly expect economic problems, particularly if the recession continues in industrialised countries. But we are not surrounded by a doomsday scenario."

Mr Ong thinks the effects of Singapore's economic slowdown would be felt in a wide range of industries, including shipyards, electrical and electronic goods, textiles and garments, wood products and household appliances.

Prime Minister Lee Kuan Yew said in his New Year message that Singapore's gross domestic product grew by only 6.8 per cent during the first half of this year against 10.3 per cent during the first half last year.

A breakdown shows the construction sector to be the high-flyer, growing by 35.2 per cent, followed by transport and communications (13.6 per cent) and financial and business services (12.3 per cent).

Manufacturing, one of the pillars of the economy, declined by 1.2 per cent against a growth of 11.6 per cent for the first half of 1981.

Mr Ong said SMA had expected a decline in manufacturing "because order books for this year are slow in filling up."

For the second half of this year, he does not expect manufacturing to show much improvement from the first half.

Businessmen and economists have ruled out an upturn in the Singapore economy until the second half of next year. Mr Mclean predicts the upturn will only take place at the end of 1983, at the earliest.

In spite of a high dependence on world trade and foreign investments, the Singapore economy, according to businessmen and economists, would rebound strongly once the US economy recovers.

Stockbroker and economist, Dr Chua Wee Meng, remarked: "I think the Singapore economy would recover faster than many other economies because it is better managed than most others."

Dr Chua, former economist with the Asian Development Bank and investment banker with the World Bank, predicts the US and world economies are likely to embark on a

sustained recovery from the middle of next year.

Activating this recovery will be efforts by governments to reflate their economies and the politically-inspired attempts by the US government to reflate its economy, because of the presidential elections in November next year.

Dr Chua said many listed Singapore companies "do not have as much debt exposure" as companies in the US. This factor would help strengthen Singapore's efforts to weather the recession.

He believes that if there are clear-cut signs of world economic recovery next year, buying support in the stock markets would start at the end of this year.

Dr Chua, Mr Ong and Mr Maclean share the government's revised projection of a 5-7 per cent economic growth for this year. The three feel there are strong prospects for the Singapore economy to return to the 8-10 per cent growth path in 1984.

For next year, Dr Chua predicts growth of 5 to 7 per cent while Mr Maclean predicts a 5 to 6 per cent rate.

RESISTANCE TO 'GO JAPANESE' CAMPAIGN

Kuala Lumpur BUSINESS TIMES in English 28 Aug 82 p 9

[Article by Francis Daniel in Singapore]

[Text]

SINGAPORE is having second thoughts about its official "Go Japanese" campaign under which businessmen were actively encouraged to copy Japanese methods.

The first public admission that the intensive three-year campaign had run into trouble came from Prime Minister Lee Kuan Yew in an important National Day address earlier this month.

He conceded, almost grudgingly, that Singapore might have to find its own business style because of cultural differences between the Japanese and his Chinese-dominated society.

But he insisted that Japanese management methods were of proven quality. Any Singapore-style system should be efficient and workable, he said.

Mr Lee's apparent decision to put the brakes on the campaign followed many indications that it was causing growing resentment among the local population and the international business community.

"Employers don't like me citing the Japanese because the majority of the employers here are non-Japanese and Singaporeans also don't like to be told that the Japanese are good," Mr Lee said.

Senior government of-

ficials admitted privately that some of the younger political leaders had gone overboard in their efforts to push the campaign.

The Japanese were portrayed almost as super-men, while Singaporeans were admonished for not copying their team spirit, company loyalty, discipline and management methods.

Many people complained that the campaign was taken to absurd limits, as when they were told to learn not only Japan's advanced technology but also its cultural traditions.

For instance, the deep bowing with which the Japanese greet one another was cited as a good example for Singapore's 2.4 million multi-racial Singapore population to emulate.

Trade union officials said local managers had become increasingly frustrated with suggestions that their standards fell far below those of their counterparts in Japan.

Western companies, particularly German and US firms, were particularly more vocal in their opposition to the campaign. Some German managers went of their way to resist any Japanese work concept, regardless of its merit, union officials said.

Mr Lee, evidently taking into consideration the ruffled feelings of Western businessmen, made clear that his government would not push through a proposed Japanese-style "company welfare scheme."

"It is too late for us in Singapore, who had inherited a British system of state welfare, to convert our system into the Japanese system where welfare is looked after by the company," he said.

The official enthusiasm to push Singapore workers to greater heights by adopting Japanese work practices and attitudes was so great that even Japanese executives in Singapore were surprised.

"I am afraid this campaign is rather embarrassing to us. We think Singaporeans have done very well so far following their own style," said one senior Japanese executive who did not want to be identified.

The "Go Japanese" campaign coincided with the launch of an economic restructuring programme aimed at phasing out labour intensive industries in favour of capital intensive enterprises.

But Singapore's hopes of a quick transfer of high technology from Japan have yet to materialise. — Reuter

WORKERS PARTY LOSES COURT CASE, HEADQUARTERS

Kuala Lumpur NEW STRAITS TIMES in English 12 Aug 82 p 9

[Text]

SINGAPORE, Wed — The Workers Party (WP), led by a lone Opposition member in Parliament, said today that it had lost its legal battle to keep its members' subscriptions and donations out of the hands of a court-appointed receiver.

But WP secretary-general J.B. Jeyaretnam said: "We are determined to see that this will not lead to a collapse of our party."

Mr Jeyaretnam has been the centre of con-

troversy since he won a by-election last October breaking a 16-year parliamentary monopoly of Prime Minister Lee Kuan Yew's People's Action Party (PAP).

The WP's hopes of retaining some of its funds were dashed yesterday when Chief Justice Wee Chong Jin upheld an earlier High Court ruling placing all the party's assets and money in the hands of the official assignee.

The party owes former government Member of Parliament Tay Boon Too more than S\$25,000 in legal costs after it lost a defamation suit against him seven years ago.

The WP had sued Mr Tay for claiming that it had received large funds from outside Singapore to finance its election campaign in 1972. It lost the case and was ordered to pay Mr Tay's legal costs.

Mr Jeyaretnam said that his party had appealed to the public to help settle its loss.

"Although the response has not been tremendous, we hope to be able to collect the money through public donations within the next two or three months," he added.

Mr Jeyaretnam said the party also had lost its headquarters after the

government had demolished the building as part of a development programme.

"We have asked for an alternate accommodation, but the government has made no response," Mr Jeyaretnam said.

Meanwhile, the party's operations were being carried out mainly from Mr Jeyaretnam's legal office.

Mr Jeyaretnam had earlier lost a personal legal contest against Mr Lee Kuan Yew who sued the Opposition leader for defaming him at an election rally in 1976.

Mr Jeyaretnam, who took the case up to the Privy Council in London, had paid to Mr Lee about S\$84,000 in damages and other legal costs. — Reuter.

Cover for Subversives

Kuala Lumpur NEW STRAITS TIMES in English 22 Aug 82 p. 15

[Text]

SINGAPORE, Sat. —
A Singapore cabinet minister alleged last night that the left-wing Workers' Party led by J.B. Jeyaretnam, the only Opposition Member of Parliament, was ripe for takeover by subversives.

Second Deputy Prime Minister Sinnathamby Rajaratnam said the Workers' Party was providing cover for "really dangerous men... the kind of men who were running around in the 50s and 60s."

He was referring to communist-inspired riots and violent demonstrations prior to Singapore's independence in 1965. Some of the alleged trouble makers, including student leaders, have since fled to Britain and other countries.

"Mr Jeyaretnam is openly declaring his new battle cry that dissent is the only policy worth advocating... (he) is going to make his party a cover for really dangerous men who are going to come back," Mr Rajaratnam said.

Although Mr Jeyaretnam has been under constant attack from the Government since he won a by-election last October to give the Opposition its only voice in Parliament in 16 years, it was the first time that he and his party had been openly accused of providing a front for subversives.

But political sources said the Government was unlikely to take any action against Mr Jeyaretnam or his party at this stage.

They noted that the Government was empowered to detain suspected communists or subversives without trial although it had used the power sparingly in recent years. — Reuter

CSO: 4220/666

WEAPONS PRODUCTION FOR WORLD ARMS MARKET

Kuala Lumpur NEW STRAITS TIMES in English 18 Aug 82 p 11

[Text]

SINGAPORE, Wed. — Singapore, competing for a place as a major arms supplier in South-East Asia, has started large-scale manufacture of two light weapons designed and produced by a State-owned company, foreign military sources said today.

They said the Ultimax-100 light machinegun and the SAR-80 assault rifle were expected to replace the American M-16 as the standard field weapons in the Singapore armed forces.

The SAF had placed large orders for the weapons, which were on display for the first time at a parade marking Singapore's Independence Day last week.

Chartered Industries of Singapore (CIS) was also making a vigorous sales drive in Africa, Latin America and the Middle East.

A number of selling missions have visited those areas and the two weapons, described as two of the most versatile and light field arms, had been widely advertised there, they said.

Foreign arms deals are never mentioned pub-

licly here but the sources said that the Ultimax-100 and SAR-80 were expected to boost Singapore's weapons industry and help CIS penetrate the international arms market.

The sources said that although the new weapons had yet to be tried under battle conditions, field tests here and elsewhere, including New Zealand and Australia, had been successful.

Although CIS, an arm of the Defence Ministry, has become the most advanced arms producer in the region, its operations are secret.

It has been producing M-16 rifles under licence from the United States and is a major supplier of small arms, including mortars, bayonets, ammunition and explosives.

But the sources said the 5.5mm Ultimax-100 and the SAR-80 were the most impressive breakthrough in the company's arms inventory.

Accuracy

The SAR-80, weighing 3.3 kgs (7 lb), was con-

ceived as a rival to the M-16 which is heavier and more costly, they said.

Based on two prototypes from Britain's Sterling Armament Company, it costs about US\$300 (\$700) and could use M-16 accessories.

The Ultimax-100, described as a squad weapon, can fire 520 rounds a minute, weighs 6.5 kg (14 lb) and is priced far below the US\$3,000 level of its nearest European rival, the Belgian FN Minimi, according to the sources.

"The Ultimax-100 and the SAR-80 are versatile and extremely light, ideally suited for Asians. The weapons can be easily fired with great accuracy but whether they will stand up during rigorous battle conditions is still the unknown factor," one Western military expert said.

"So far there have been no known orders from Western countries for either of the two weapons but they certainly have great potential in other areas," he added. — Reuter

GEN SAIYUT DISCUSSES FOREIGN RELATIONS, ANTI-CPT EFFORTS

Bangkok THE NATION REVIEW in English 19, 20 Jul 82

[Interview with Gen Saiyud Kerdphol, Supreme Commander of the Armed Forces, by THE NATION]

[19 Jul 82 p 5]

[Text]

Q: SINCE YOU took over as Supreme Commander, there appear to have been some changes in the ways things work in the armed forces. For one thing, you have been more visible as the coordinator of the three branches of the military establishment. And at least on two occasions in the past month, you came out to make the military stand public over the Senate's voting down of proposed constitutional amendments.

How do you see your role as supreme commander?

A: SINCE I took over this position, I have made it clear from the very beginning that I would try to create a sense of identity and coordination within the armed forces for the sake of efficiency and unity.

I believe it is the duty of the Supreme Command to coordinate the work of the three armed forces. But we won't interfere with each branch's own affairs. There won't be interference. Rather, we would concentrate on "joint efforts." That's the priority.

We have held meetings, conferences, casual talks and even sports to improve on unity within the various branches of the armed forces.

Then, we undertake what could be called "combined efforts" which mean we act as the contact point

with our allies in military affairs. Each branch of the armed forces might not have the time to undertake such a task. So, we at the Supreme Command has to do it. That's the second priority.

We have, at the same time, also given emphasis on the chain of command and discipline.

It is also important that in trying to make our joint efforts more effective, we must be able to share identical perceptions.

For example, we have held joint meetings frequently to agree on the short-term and long-term threats to national security. We also work out the relationship between the international and internal threats.

In national defence, we depend not only on soldiers. But we also depend on volunteers and paramilitary personnel. But the most important factor is "the will to fight" — all of which come under our "total defence" system.

We have also worked out with our allies logistic support in case of emergency. Rehearsals have been carried out for the transport of logistical support in case of need.

Q: HOW HAS the Thai-US joint logistic planning scheme worked out so far?

A: WE HAVE worked it out with the United States and also with other ASEAN countries. Our

joint logistic planning with the US should be finalized by this month.

Q: WHAT WOULD the Thai-US joint logistic planning cover?

A: IT depends on the situation at a given time. We have worked out several scenarios and how the US logistic supplies could be of assistance to us.

We don't need American troops. We have no problems with troops. What we may need is the war material and equipment. We have drawn up scenarios and determined what we need and how they could be sent over within a few days. We know where they will come from, where they will go to and if a contingency should occur, the logistic supplies would just flow in automatically according to the plan.

We have no problems with our morale and the will to fight. Our troops are highly well trained and competent. What we are worried about is an adequate supply of military materiel in the pipeline when it is needed.

This is a very important matter. Some Thai people may still not understand the issue. This is what I call foreign help to meet our requirements within our capability to handle it. Previously, it used to be that assistance was sort of given to us without any assessment of whether we need them or whether they meet our actual needs.

We must stress the principle of self-reliance, first and foremost. We must lay down plans which suit us and compatible with what we have. We must be able to take actions promptly when we consider it necessary, without waiting for others to come to tell us to do or not to do certain things. Once we start carrying out what we consider to be right, aid will have to fit in with our plans — and not the other way round as was the case before.

Q: YOU MEAN to say that previously, aid from our allies wasn't really compatible with our needs?

A: YES. PREVIOUSLY, other people came to tell us to do this and that. They said certain direction was the right policy because it fitted in their global strategy but not necessarily in line with our real interest. In other words, they helped us under their plan. We were simply part of their worldwide strategy. We didn't benefit too much from that.

In my own thinking, our present policy must stress that we map out our strategy and we tell our allies what we need so that they could provide the need that fits us — and not only to go along with their plans.

Q: WHAT DO YOU see as the country's immediate threat from the military point at the moment?

A: INTERNALLY, the immediate threat is terrorism and externally, it's the Vietnamese threat in Kampuchea.

But Thailand is well-prepared and equipped to deal with them. We are a resourceful country with a population of 45 million, and a long history of self-government and independence. We have nothing to fear. Laos has only three million people while Kampuchea has only seven million at most. Vietnam? Well, they have enough problems with being bogged down in Kampuchea. They may have more soldiers than we do but their economy is in a shambles. Their internal situation is in bad shape. So, there is no ground for fear from the Thai side.

We must have confidence in ourselves. We must have confidence in our own future. The psychological effects is very important. We must also be confident that we can solve whatever problems we may have. Whether any country would come to our rescue or not, we must be certain that we could solve our own problems.

We must also be confident that the armed forces are competent, united. They aren't split.

Q: YOU WENT ON television and radio recently on Armed Forces Day and declared that Thailand would not fight a proxy war for a major power in Kampuchea. That statement sparked off some wide-ranging reactions from various circles as to what you actually had in mind. What do you have in mind?

A: WE CAN VIEW the situation in Kampuchea in two ways: We could look at it as a conflict between the two super-powers, the Soviet Union and China in Kampuchea, with the USSR using Vietnam as a proxy and China using the Khmer Rouge. If that's the case, Thailand shouldn't be dragged into this proxy business. What we must do is to build up a strong defence line on our border. I wouldn't venture to think we could solve the Kampuchean problem.

I am of the opinion that even if the worst-case scenario should take place — and that means that Vietnam could impose total control on Laos and Kampuchea and could set up its Confederation of Indochina — we must still be confident of defending our own border. We should be looking at it from the standpoint of defending our own territorial integrity.

Q: IT HAS BEEN said that Thailand had in the past been looking upon Kampuchea as a buffer. Now, they say that buffer has disappeared. As an experienced military strategist, do you share the view that we have lost the "buffer?"

A: NO, I DON'T think the "buffer" has disappeared as some people might have suggested. At the same time, I don't think Vietnam could just swallow Laos and Kampuchea. In Laos, for example, there have always been underground rebel movements against the Vietnamese although the Vietnamese have been officially able to control that country. But I don't think Hanoi could hold that on forever. In the future, I believe that it is even more difficult for one country to totally dominate another country. The Kampuchean people themselves have opposed the Vietnamese occupation. That's a clear case. Fighting is going on.

That's why I believe that Thailand's "buffer" in that sense has not disappeared.

Q: HOW DO YOU view the formation of the tripartite Khmer resistance coalition government?

A: ONE THING we must all accept is that it's, after all, an internal affair of Kampuchea. But then, everybody realizes that if the other side could impose total domination on Kampuchea, Thailand's interests would certainly be affected. We believe in a proper balance.

My thinking on this score is: If we are sure that we are backing the winning horse, that's all right. But if we back the wrong horse, then we could face problems.

Well, if we aren't quite sure whether this particular horse will ever win convincingly, we should not be on it. All we could do is to clap hands and give it our moral support. Or if we are undecided on the winning chances, we could bet with a small amount of money so that either way we wouldn't lose too much.

All this, of course, depends largely on the policy makers to analyse the situation and to be able to predict the future.

Q: HOW MUCH of a role does the military establishment play in the formulation of foreign policy these days?

A: WE HOLD consultations through the National Security Council. Under the present structure, the prime minister is also the defence minister. So, there shouldn't be any problems.

Q: LET ME COME back to your comment on "proxy war." There have been talks that when you made that statement, you might be trying to convey the message that Thailand should not be too

close to China. Would that analysis be correct?

A: SOME CRITICS have put out the propaganda that we may be China's lackey. But that's not true. We have tried to show that we do have our own national policy which suits our national interests. It is, therefore, our duty to show to the world through our actions that that line of propaganda is wrong. For example, we should cut down on the number of official groups visiting China. There have been too many recently. And that could give a wrong image of our policy.

Q: DO YOU PERSONALLY agree with the policy that Thailand and ASEAN do not want to see the Khmer Rouge return to power in Kampuchea?

A: SINCE THAILAND has an anti-communist policy, we naturally don't want to see a neighbouring country run by communists. That's no problem.

Q: SOME ASEAN countries continue to perceive China as a long-term threat to the region. What do you think about this perception?

A: MOST COUNTRIES in the region had previously come under the Chinese influence before. Before this, we were also fearful of Chinese economic influence, especially after the Second World War. In a way, the Chinese have historically served as our "informal technical advisers" on trading and business as well as taxation. We must accept the fact when we couldn't perform a particular task well.

But at the same time, we never allowed China to dominate us. When we discovered that China, when the Maoist principles were still strong, was infiltrating us, we put up strong resistance. Naturally,

some countries may still view China with suspicion that way.

Q: WHAT'S YOUR assessment of the status of the Communist Party of Thailand today?

A: THE CPT has committed two big mistakes. They failed in the people's war because they were too rigidly following the Maoist line. Then, they miscalculated the nature of the Thai society. They took the Chinese way of analysing the situation. They said after ten years, they must begin to move heavily in the armed struggle. So, the government forces hit back strongly and their bases were destroyed.

However, their political structure remains there. Their armed elements are still there although they might have resorted to the previous hit-and-run guerrilla tactics.

The way the CPT was pursuing its policy could have been successful only if it had been carried out in China — but not in any other country. And Mao's success in China at that time was due largely to the fact that the Japanese invaded the country. If there had been no Japanese factor in that, the Chiang Kai-shek troops might have dealt a fatal blow to the communists at that time. Also, the fact that China is a sprawling country did help.

Q: THE CPT would have to change its strategy then?

A: YES, THEY have been forced to change. But communists never change their heads — their real objectives would never change. They may try a combination between rural guerrilla warfare and urban infiltration this time.

**TOMORROW: THE USSR,
LOCAL POLITICS**

[Text]

Q: HOW MUCH CREDENCE do you lend to reports that a new Communist faction, the so-called "Pak Mai" (New Party) had been formed in Thailand against the Communist Party of Thailand?

A: I THINK THE reports are true. The CPT has lost influence in many of the old areas, especially in the Northeast. We later got reports about another new communist grouping in the Northeast, particularly in areas opposite Laos. This group has infiltrated the old areas under the CPT. We have yet to definitely determine the strength of this new communist grouping.

Q: IS IT POSSIBLE that Vietnam and the Soviet Union may have tried to fill the vacuum left by the weakening CPT.

A: FROM OUR INITIAL investigations, "Pak Mai" obviously must have obtained support from Vietnam and the Soviet Union. We are checking into how much and in what way the support has been channelled through.

Q: HAS THE CPT, according to your intelligence reports, completed its Fourth Congress as had been reported in some circles?

A: I PERSONALLY don't think the CPT could have organized the Fourth Congress since the divergence of thinking is so broad among them. They wouldn't meet unless the rift is healed or else they would not be able to come to any resolutions.

Q: HOW DO YOU see the role of the Soviet Union in this region?

A: I HAVE POSED this question directly to them several times to ascertain their objectives in this region. I have asked them why Moscow has stepped up its presence in Southeast Asia — whether their intention is to dominate Southeast Asia or whether the main thrust of their presence is to contain the Chinese influence. Another possible objective is for the USSR to check what the Americans are doing here.

There are many questions involved here. If the USSR is here to contain the Chinese, perhaps they should think in terms of being used by Vietnam.

I sometimes feel that the Sino-Vietnamese conflict might have been sparked off on purpose. China doesn't want Vietnam to be able to form the so-called Confederation

of Indochina while Vietnam is determined to do that. So, Hanoi must find a major supporter for them to achieve this aim. When China refused to cooperate with them, the Vietnamese turned to the Russians. And when the Russians agreed to offer support, Vietnam certainly had to start some kind of trouble with China. That's why I believe that the Vietnamese had started the rift with China on purpose — to get the Soviet Union to back them.

If I may make some predictions, Vietnam's plan is that if it could successfully set up the Confederation of Indochina, would have to think of national rehabilitation. And that's when it would have to turn to Japan and the United States. If that should happen, Hanoi would have to develop conflicts with the Soviet Union. In the long run, it is possible that China and Vietnam may find some room of reconciliation at that point. That, to me, is a possible scenario.

So, as far as I can see, the Soviet Union's stepped-up presence in this region has not really been well-planned. Moscow certainly can't hope to dominate this area. The Soviet Union should also realize that the fact that the US has been able to come into this region reasonably easily because of the fear of many countries for the Soviet Union. If the USSR should make itself more trustworthy, the US would find it more difficult in this area. And China wouldn't be able to exert too much of an influence either.

If the USSR's objective is to check the Americans, the policy may sound somewhat logical.

It's only natural that the Russians would want to find out what the Americans are doing here.

I am therefore of the opinion that Thailand shouldn't become the tool of any super power. We have to watch out against both countries.

As far as the Russians are concerned, I believe there is no clear pattern just yet as to what it wants in this region.

LOCAL POLITICS:

Q: LET ME COME back to local politics. You called a meeting of the military top brass on June

25 after the government-sponsored bill to amend the constitution was defeated to say that the military establishment was still backing the government. Why did you take that unprecedented step?

A: I WAS CONVINCED that under those circumstances, it was necessary for the military to issue a statement in support of the government to create confidence in the public's mind. We felt that something was afoot in Parliament. They were playing games or something.

Q: WERE THERE any suspicious movements within the military circles on that day?

A: I WOULDN'T know. But we were thinking along the line that if we didn't issue a joint statement, something unpleasant might happen. At lunch on that day, we were discussing this issue. We all agreed that we need to come out in one voice from the military. We had never really talked to one another on this kind of issues before. I told the commanders-in-chief of the three branches of the armed forces that we must explain the situation to the people. We believed something might be afoot on that day. So, we did what we did.

Q: DO MOST SENATORS who are military officers believe that this Parliament could last the tenure until next year?

A: WE WANT the government and the country to have stability since without it, the country could be in trouble. If trouble starts, the military may have to step in to do something — and that's what we try to avoid. That's how we look at it.

As to whether Parliament would last its term, it's all up to the elected MPs. We know that we want stability in the country.

Q: DO YOU AGREE with the present provisions of the Constitution and what do you think of the proposed changes in the Constitution?

A: WE MUST FACE the facts. If we were to amend the Constitution back to the previous form, everything would return to that form — and the outcome would inevitably be the same. So, we believe that there must be a different type of Constitution. We believe in party politics so that the political party system would be strengthened.

We believe that if we have full democracy, the country would be hit by turmoil. We used to discuss what would happen if all Senators should resign, let the government quit and let the elected MPs organize their own government. Do you think they could form a government? I am sure they would be fighting among themselves to the point that they wouldn't be able to form a government. And the military would interfere. If that experiment could be tried, the results would be along that line. But then, the country is not something to experiment with.

Q: WHAT DOES the military establishment want to see then?

A: WE WANT stability and security for the government and the main factors would be balancing forces against the Lower House. The balance could come in the form of appointed Senators or the professional groups. I believe that if we have a fully elected House, the quality of MPs would remain the same. Therefore, it is important that their role is balanced off with other forces.

For one thing, we must realize that the future of this country should be given totally to the poli-

ticians. MPs should not think that since they were elected by the people, they could do anything they want. The people's professional groups must also play a role.

Q: WHAT SHOULD the structure be then?

A: IN MY OPINION, I believe that professional groups should be represented in Parliament to serve as a balancing force vis-a-vis the MPs. The MPs may pick two to three persons to be prime minister — and the people's professional groups would then make their choice. If MPs have the decisive say in picking the prime minister, they would decide whether the government would stay on or be toppled.

That's what we don't want to see.

Q: HAVE THERE been some movements within the military circles to create these so-called "balancing forces?"

A: WELL, let me just say that if the Constitution was the same, the outcome would be identical. We want it better than that. As to how it should be, the people in various walks of life must come and discuss the issue. I must listen to the opinion of the majority and follow their wishes.

Q: YOU ARE one of the big whips in the Senate, aren't you?

A: YES, as a whip, I am responsible for gathering opinion from various channels. We are whips of a different type — unlike those belonging to the political parties. We exchange views among ourselves. If we don't agree with the government, we would ask the government to clarify certain points to us. Then, we would discuss whether to support the government on a particular issue or not. It's the case of an order from the party leader telling us to do or not to do certain things.

COLUMNIST DISCUSSES ANTI-CPT POLITICAL OFFENSIVE

Bangkok THE NATION REVIEW in English 22 Jul 82 p 4

[Article by Suthuchai Yoon]

[Text]

A NEW "POLITICAL offensive" has been launched by the government, at least on paper, although without too much of a bang. The full text of the comprehensive strategy would not convince many a cynic — since every other paragraph of the new prime minister's order is dotted with the catchword "democracy" as the heart and soul of the new offensive.

But it's an important document all the same. Known as Prime Minister Prem Tinsulanonda's Order No 65/2525 entitled "Strategy for a Political Offensive to Defeat the Communists," the thrust of the new "offensive" appears to be the first consolidated plan to cover all pressure groups who could play a role in the process of preventing the revival of faith in "those in the jungles."

Of particular significance, if one was to read between the lines, is the conspicuous absence of the

mention of the military's role in the new political offensive; except for two paragraphs which say that military and armed groups should, under the "democratization" process, come to terms in a correct way with democracy and that they should "support and uphold the democratic system."

The new premier's order, dated May 27, this year, is an apparent follow-up on the much-publicized Order No 66/2523 signed by Prime Minister Prem which aimed at applying political means instead of direct military operations to win the battle against the CPT. But this time around, the grand plan appears much more detailed.

There is little doubt that the whole theme of the new "political offensive" — drawn up by a "Committee on Policy to Fight Against the Communists" — is aimed at attaching greater importance to the various pressure groups: The business-

men; farmers; students; defectors from the CPT and other "progressive elements" and the mass media.

The clear emphasis certainly is on the "promotion of a democratic system under the Monarch." But the new wide-ranging strategy makes scant mention of the role of politicians, be they elected MPs or Senators. The implication here is clear: alienation of the pressure groups in the past had caused many of the problems for the establishment.

By his own admission in black and white, the prime minister acknowledges that delays and loopholes in the process of developing a genuine democratic system continued to be exploited by the Communists to create "conditions for propaganda to win over the people's hearts."

THE TONE

The overall tone of the instruction is a subtle departure from

the "political offensive" issued by Gen Prem in 1980 when it was recognized that military operations alone would never resolve the political and highly entangled problems related to insurgency.

The new grand plan fails to define what "genuine democracy" is all about. Nor does it explain whether the existing political formula being practised is satisfactory. In fact, little efforts are made in this plan to explain how the flaws of the current political system, a good part of which is far from "democratic," would be remedied.

Critics may say it's too good to be true but the objective set forth in the new order is, verbatim: "To create the conviction and genuine understanding that the country's sovereign powers belong to the people — and to create a balance between individual freedom vis-a-vis sovereign powers..."

In its "policy," the plan vows to "destroy all forms of dictatorship and to create a society under a democratic system with the monarchical institution, under the guidance of a democratic system..."

How to do it? The political offensive strategy makes it plain that the way to achieve this goal would be to set up leadership organizations with a clear identity, spearheaded by government officials and members of the public, to fight and win over the Communists within the shortest span of time possible.

The most revealing — and perhaps difficult part — of the plan is the one which calls for the "creation of faith and value of the democratic system."

DEMOCRACY

If this year marks the 50th anniversary of the introduction of parliamentary democracy in the country, the coincidence of a military's grand political offensive plan based on the system could hardly be called encouraging.

Perhaps, the interpretations will differ vastly between those who drew up this political offensive strategy and those who have been trying to read the intentions of the ruling circles.

Clearly, the process of "democratization" as envisaged in the plan here is the flooding and feeding of information on what the powers-that-be perceive as "information and facts on the situation" while the fact remains

that a genuine way towards creating a democratic system would require an open debate on just what are "facts," "half-facts," and "half-truths."

The public would have to be able to have access to such vital information to be able to decide for themselves the actual situation at a given time.

The acceptance that divergence of opinion is part of the "democratization process" evidently is not clearly set forth in this "political offensive." And if this plan was to boomerang later on, it would certainly be in this aspect.

The plan does call for all pressure groups — academicians, mass media, pressure groups and experts in various walks of life — to be given roles and opportunities in seeking solutions to the nation's problems. But the rules of the game are not spelled out — and if it sounds good, it doesn't necessarily mean that the country has finally let "a hundred flowers bloom..."

There are no dramatically new elements in the lengthy part of the plan to shake up the government machinery to fit in with this overall plan. Drastic actions against corruption, "serious" attempts to weed out the "influential elements," incentives for good officials and stringent controls on wayward officials are listed accordingly.

Also, the call for decentralization of powers and the promotion of self-government at the local le-

vels including the tambon council, village committee and cooperative is also incorporated in the plan while efforts will be made to encourage the people on how to better "use" the political parties to resolve their own problems are also mentioned, if in passing, in the plan.

But the most significant part of the strategy is the approach towards the various "pressure groups," with the business and economic group listed on top of the list.

Some frank, if compromising, mention is made of how business monopolies had served to obstruct democratic development. To rectify the situation, however, the plan would refrain from taking a harsh line. Somewhere, somehow, a compromise would be struck. Rich businessmen would be asked to be more responsive to social problems while legal measures would be applied to destroy "economic monopolies..."

If these were welcome statements, they are hardly new in contents, unless more detailed and specific plans were forthcoming to translate these highly ambitious and often-repeated statements into actions.

THE PLAN

Under the plan, farmers and students, both considered "vulnerable" to political "infiltration" (the plan doesn't say it in that many words) will be encouraged to organize themselves,

along the line which would suit the thrust of this order. Farmers, the strategy paper says, are important because they could be the decisive factor in a revolution and students have a "special character" in that they are usually "politically more alert and tend to seek more vigorously for democracy and social justice."

When it comes to dealing with the "progressive groups," the plan appears to be aiming at its main target.

It says that the "progressive elements" include those who have returned from the jungles (defecting from the CPT); those seeking "new directions" in solving the country's problems; communists and their front organizations as well as certain democratically minded groups.

Under the plan, the government would try to confine their activities within the limits which would not pose a threat to national security and development of de-

mocracy."

To achieve this objective, the so-called "progressive elements" would be encouraged to express their opinion "within the framework of the constitution and legal confines," while strong democratic movements would be set up in line with the prime minister's 1980 directive.

LEADERSHIP

To cope with those trying to look for "new approaches" towards the search for solutions to the country's problems, the new plan would try to "support and snatch the leadership in the line of thinking" from them.

All these will come under the close monitoring of the Internal Security Operations Command (ISOC) which would, together with the close vigilance of the government agencies concerned, keep a check on the performance of officials and the various pressure groups.

The Committee on

Policy to Fight Communists will be the main core of the implementation of this policy. In other words, the "political offensive" will come under the direct supervision and guidance of the military body from where specific plans will emanate.

No doubt, the very first question that may arise would be the interpretation of how free and comfortable the various pressure groups will feel under the new "political offensive." Very much will depend on the implementation and whether, in the final analysis, the promise of "genuine democratization" would be a genuine goal, rather than just a matter of slogan-shouting as a means towards another end.

Certainly, the fight against all forms of dictatorship is a noble goal. Many Thais have died for that cause. Many will be ready to sacrifice to achieve that goal — if we know that is the cause.

MALAY SINCERITY QUESTIONED ON CPM OPERATIONS, TROOP PRESSURE

Bangkok MATICHON in Thai 9 Aug 82 p 3

[Article by Sathien Chanthimathon: "The Southern Border: How Sincere Is Malaysia?"]

[Text] Even though Thailand and Malaysia have conducted joint operations along the border in order to suppress "terrorism" ever since the time Malaysia still referred to itself as Malaya, the two governments have always mistrusted each other about certain matters.

When he first arrived to take over his new position, Lieutenant General Han Linanon, the commanding general of the Fourth Army Area, told reporters from the center that Malaysia thinks that Thai officials are supporting the forces of the Communist Party of Malaya (CPM).

Some of the camps and secure bases of the CPM, which Thailand refers to as the Malaysian communist guerrillas, or MCG, are located in Thai territory.

At the same time, Thailand feels that the rise of the bandit terrorists, or "500 bandits" or separatists, cannot be separated from the support given by some Malaysian political parties. As recent as 1974, some ministers openly expressed their support for the separatist groups.

These suspicions arose and remained at a time when there was a treaty to suppress "terrorism" along the border and at a time when both were members of Asean.

But when Lieutenant General Han Linanon became the commanding general of the Fourth Army Area, these internal divisions made it impossible to carry out things on a large scale. But an attempt was made to uncover the problems in order to cooperate sincerely and honestly in solving the problems.

To Solve the Border Problems, Nothing Must Be Hidden

On 1 and 2 August, Major General Dato Hassin Mohamad Ali, the commander of Malaysia's 2nd Division and the chairman of the [Thai-] Malaysian Regional Border Committee, and his group travelled to view a communist guerrilla camp that the national army had attacked and seized.

"Solving the Thai-Malaysian border problems must be based on both sides being sincere and working together without hiding anything."

This is a part of the welcoming speech by Lieutenant General Han Linanon, the representative for the Thai army.

"As for Thailand's way of solving the problems, I will hold firmly to Article 2 of the Tai Rom Yen policy," said Lieutenant General Han. "The Thai-Malaysian border area must be made safe, the economy in the border area must be improved and friendly relations between Thailand and Malaysia must be further promoted."

In Lieutenant General Han's view, he will be able to work "tai" [below] so that there is really "rom yen" [coolness].

"Tai Rom Yen," the View of Lieutenant General Han

During the period 1-20 July, units of the Fourth Army Area joined together to attack and destroy various bases of the bandit terrorists and Malaysian communist guerrillas.

"The results were very satisfying," said Lieutenant General Han to Major General Ali. "We succeeded in destroying various rest camps of the bandit terrorists and Malaysian communist guerrillas in accord with the plan. The most important thing is that my forces seized and completely destroyed the MCG camps that formed the headquarters of the MCG 8th Regiment in Nathawi and Sadao districts, Songkhla Province, the headquarters of the MCG 10th Regiment in Waeng District, Narathiwat Province, and the headquarters of the MCG 12th Regiment in Betong District, Yala Province."

And Lieutenant General Han summarized the results by saying that these results prove four things:

1. The suspicion that Thailand is supporting the MCG has been eliminated.
2. The MCG do not have large forces as intelligence reports have indicated.
3. Concerning the military capabilities and political ideals of the Malayan People's Liberation Army, which is the military force of the CPM, there is no way that they can liberate Malaysia and turn it into a communist state.
4. "As the commanding general of the Fourth Army Area, which is responsible for the well-being of the people in the south, particularly the safety of the lives and property of the Thai Moslems living along the border, I am most sincere about wanting to solve this problem."

Lieutenant General Han stressed strongly that "concerning the fierce and resolute attacks on the various terrorist groups along the border, besides launching these attacks for the well-being of the Moslems, their purpose was to show my honest intention of really helping to solve the problems that affect the national security of Malaysia."

It is not known how impressed Major General Ali was by this last statement.

Lieutenant General Han's Analysis of the MCG

Based on the two conclusions mentioned above, that is, that the MCG are not a large force as has been reported and that the Malayan People's Liberation Army cannot liberate Malaysia and turn it into a communist state, Lieutenant General Han Linanon gave the following reasons in order to exchange views and discuss past lessons with Major General Ali.

1. Their secure bases were seized and completely destroyed. It will be difficult for them to build other bases to replace them, and it will take them tens of years to make them as secure and strong as they were.
2. Their army is like a bandit force. It has split into small groups and their fighters have lost their morale and do not want to fight any more.
3. The people have lost faith in them. Capitalists both in the country and abroad are tired of supporting them since they cannot tell what will happen to the revolution in the future.

Based on the evidence and these conclusions, Lieutenant General Han was pointing out that the fate of the Malaysian communists will be exactly the same as that of the CPT.

A New Proposal By Lieutenant General Han

After analyzing things and arriving at these conclusions, Lieutenant General Han proposed to Major General Ali that:

"After the enemy forces that pose a threat to independence and sovereignty along the Malaysian border have been destroyed and the war atmosphere has been eliminated it will no longer be necessary for either of our countries to station large forces along the border. Because, [if we do so], not only will this create a war atmosphere and point out a lack of safety along the border, this will make it necessary for both of our countries to spend money and unnecessarily weaken the Thai [and Malaysian] economies."

In addition, Lieutenant General Han proposed what he called "honesty" toward Malaysia.

"The communists will be able to carry on a movement in a country and establish forces to overthrow the government only when that country is governed by a dictatorship or imperfect democracy. Malaysia is a democracy with a secure foundation and so it would be very difficult for the communists to topple the government."

Thailand Is Sincere. What Does Malaysia Think?

"At present, the secure bases and the Malayan People's Liberation Army, which once used the area along the Thai border as a hiding place, have been destroyed and these forces can no longer carry on operations," said Lieutenant General Han.

"Thus, I can tell our Malaysian neighbors that, concerning the danger that you thought threatened the security of your country and that you thought came from the northern part of the country along the Thai border, that danger no longer exists now."

At the same time that he made this firm assertion, as a representative of the Thai people, Lieutenant General Han Linanon asked a question of the Malaysian people and Malaysian officials: Since Thailand has given this guarantee, will Malaysia make such a guarantee or do something to show its sincerity toward Thailand?

Since "Siam" has asked this, "Malaya" will probably answer in a way that pleases "Siam." We certainly do not expect to hear just "one hand clapping."

The New Welcome, Sincere and Open

"Lieutenant General Han is like this," said a MATICHON news source in military circles. "He is confident and sincere. After suppressing [terrorists], he does not hesitate to confirm things. Also, he never hesitates to ask for a bonus."

Lieutenant General Han Linanon was a staff soldier who succeeded well. He came from the Second Army Area with the policy of "policy leads the military" and was awarded the "Atsawin"-class "Ramathibodi medal." At present, this policy has become a national policy, which was promulgated in Orders 66 and 65.

This welcome given to high-ranking Malaysian military officers is a new type of welcome. Previously, grand and flowery words were spoken. But there was an undercurrent of insincerity in these words expressing lasting friendship and efforts were made to conceal the misunderstandings and conflicts.

But this time, Lieutenant General Han spoke frankly like a soldier who is boldly following the "politics leads the military" policy.

The Repercussions of Having Suppressed the MCG: the Bandit Terrorists Will Be Eliminated

One of the reasons for the birth of the bandit terrorists was that, in the past, Thailand's local administrative policies were incorrect. But they received important support from abroad, particularly from countries in the Islamic region that felt that revolution was an item that could be exported.

While Laos was once a "rear area" for the communists in the northeast and north, Malaysia has been a rear area for the various separatist groups.

An international news source once said that the separatist groups in Thailand were receiving support not only from some politicians and opposition parties in Malaysia but that they were also receiving money and help in weapons training from some countries in the Middle East.

Since Thailand clearly showed that it would not allow the MCG to use Thai territory to carry out acts of terror in Malaysia, Malaysian officials should show some sincerity about not being involved with the various separatist groups who are presently carrying out acts of terror with no consideration at all for the lives of the Thai people.

The Proof, Allowing Foreign Troops to Come In

Concerning the matter of relying on foreign troops to come solve the problems in our country, actually, Thailand should have learned a lesson from when the United States came and established military bases here and "ruined" Thai women who lived near some of the bases.

But it seems as if the problems are not in clear focus. A previous Thai government concluded a disadvantageous contract that allowed many Malaysian troops to enter Thailand although Malaysia has never allowed Thai troops to enter Malaysia like that.

Concerning the entry of Malaysian troops, besides the fact that this will create psychological divisions, which are national divisions, some news reports have stated that the recent increased level of terrorism stems from the fact that the Malaysian troops have abandoned weapons everywhere for the bandit terrorists.

Thus, Lieutenant General Han's proposal to establish a border force is worth thinking about.

However, being cautious concerning border matters is essential. The Fourth Army Area should wait and see what Malaysia's attitude is and see how sincere they are. If they seem disinterested, we should not be the single side to act like a gentleman since this would mean that the "coolness" of the southerners will continue to have problems.

What many people feel is that once military measures have been used to win victory, Thai officials will quickly have to use political and development measures. Otherwise, problems will easily arise again like a cow endlessly chewing on its tail.

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CSO: 4207/143

COLUMNISTS CRITICIZE KAMPUCHEA COALITION POLICY

Trade Relations With SRV Considered

Bangkok BAN MUANG in Thai 1 Aug 82 p 5

[Ta Mo Lo column: "An Old Play On a New Stage By Co Thach"]

[Text] I would like to praise the Vietnamese minister of foreign affairs, Nguyen Co Thach, for his kindness. If he were a fighting cock, he would be a good fighting cock that would not give in to anyone.

He came to Thailand and encountered at least two major demonstrations against him but this did not daunt him.

Mr Nguyen Co Thach came to Thailand after making the rounds of Asean. Malaysia was the last country he visited before coming to Thailand.

I am not sure why Nguyen Co Thach has come, how sincere he is or what he wants. But I think that his visit to Thailand will be beneficial for Thailand if we make good use of this opportunity.

Mr Nguyen came with the air of a person announcing peace. He said that Vietnam does not want a confrontation with Thailand or Asean since this would only cause destructive and harmful conflicts and rifts and nothing good would come of this.

And most importantly, he said that Vietnam was prepared to withdraw all its troops.

I do not know how much we can believe what he said. But , by chance, I remember that during the Second World War before Japan jumped into the war on Germany's side, Japan and the United States had a strong disagreement about something. It had something to do with the United States pressuring Japan on some economic matter.

Japan sent a special diplomat to conduct conciliatory talks and ask for understanding. But while this special diplomat of Japan was bowing down to the United States, Japan launched the attack on Pearl Harbor and crushed it.

History teaches us not to trust anyone.

We must probe and determine for sure how sincere the Vietnamese foreign minister was in these talks.

The sincerity of Nguyen Co Thach depends on the principles of Vietnam and the firm principles of Vietnam do not look as if they will change. That is:

Vietnam has mentioned that it is necessary for it to stay in Kampuchea because of the Chinese threat to Vietnam and that as long as this Chinese threat to Vietnam remains, Vietnam will have to stay in Kampuchea.

Thus, the ritual of [talking about] a withdrawal of Vietnamese troops from Kampuchea is just an act.

Whoever wants Vietnam to withdraw its 200,000 troops from Kampuchea will have to help China and Vietnam reconcile their differences. But I think this will be as difficult as getting Israel and the PLO of Afsar to reconcile their differences.

However, this is a very interesting point. That is, if someone can succeed in getting Vietnam and China to become "friends" again, Vietnam will probably withdraw its forces from Kampuchea. Conversely, China may support Vietnam in keeping its forces in Kampuchea. We just do not know.

The problem of Vietnam being in Kampuchea, which involves a dispute between Asean, with Thailand in the forward position, and Vietnam is insoluble. Since the problem is insoluble, no matter how much pressure is applied, it still cannot be solved.

Vietnam is well aware of this and so it has tried to avoid talking about the Kampuchean problem directly.

Nguyen Co Thach is a very skilled diplomat. He told Mr Sitthi, the Thai minister of foreign affairs, to go visit Vietnam. I do not know whether Mr Sitthi will go or not but I think he should.

But rather than getting into such a fight over the Kampuchean problem, it would be better to talk together about trade. Having trade relations would greatly reduce the tension.

What does Vietnam need to buy? Thailand has foodstuffs and many industrial goods to satisfy Vietnamese demands. Thailand is ready to sell.

How can we let Singapore, our friend, corner this market? Singapore is the Asean country that has opposed Vietnam the most and it has opposed Vietnam even more strongly than Thailand. But Singapore trades with both Vietnam and Heng Samrin.

Thailand is the frontline country. It is an arid front because the economy on the Thai-Kampuchean border is terrible. This is because bananas are a strategic item (my own words) and cannot be sold. How can people put up with such a situation?

The problem of Vietnam in Kampuchea is an insoluble problem between China and Vietnam. Thailand and Asean have been drawn into the game naturally and because of the political geography.

Running and hitting one's head against the wall is not a very clever way.

Analogy to Lebanon Drawn

Bangkok BAN MUANG in Thai 6 Aug 82 pp 4, 5

[Free Thoughts, Cool Breezes and Sunshine column by Nui Bankhunthien: "Don't Do Anything to Create a Gap"]

[Text] Students have warned the government to be careful about being the prime mover in uniting the free Khmer groups to win independence from Vietnam.

I will give you some things to consider:

If Thailand acts like a busybody in the Khmer matter, we will become more deeply involved in the Khmer war, and the countries that will benefit are Singapore, Malaysia and the other Asean countries.

The observations of the students cannot be dismissed as meaningless. And it was very improper for Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs, to say that the "students should pay attention to their studies instead and gain knowledge."

The views of Air Chief Marshal Sitthi have created dissension among the people in the country.

The students are not babies. Just the opposite, their behavior in the past has clearly shown that, while the country's administrators considered themselves to be adults with detailed knowledge and the ability to develop the country in accord with the economic and social [development] plans and expand foreign investment, the students, who only shortly before had been looked upon as children, helped expose the fact that multinational corporations had been plundering Thai resources, including restraining wages in the mining and textile industries and holding down the prices of agricultural produce.

The students kept up the struggle until the government finally withdrew the mining concession of the Thai Sako Company.

Students opposed the [import] of Jampanese goods and foreign luxury items that were sent to "intoxicate" Thais.

The students exposed a plan to monopolize the economy.

These things are clear proof that the maturity of a person cannot be measured by age. It must be measured by thoughts and actions.

Air Chief Marshal Sitthi may be sure of his reasons but he should not rush to judge the views of the students..

The administrators in the cabinet work to build the country but they must not forget that it is the people who are the owners of the country and who have the right to express both supportive and opposing views based on the principle of justice.

Forcing the students to stick to their studies and do what they are told amounts to viewing people with the eyes of a narrowminded bureaucrat. It is like the time when there was a foreign minister who acted like a god. He liked to criticize those who opposed his actions by calling them idiots. Reporters who opposed him were called African reporters. This god was the only person who was right.

As for the Indochina situation today, Thailand is the frontline country that is being pressured more than other countries. Asean has formed an outer shell to pressure Vietnam and Russia to reduce their threat to Kampuchea. But down deeper, some of the members of Asean are acting like agents seeking trade profits. They are taking Thai goods that are war materials and selling them to Vietnam.

If the minister of foreign affairs wants to save his face, let him do so. But he cannot forbid the students and Thai people from criticizing these Asean countries.

The government's policy on the Kampuchean matter has constantly created a feeling of oppression among many people. Newspapers that have greatly criticized [this policy] have been given warnings by the police. Actions such as this are creating [an atmosphere] of oppression as if there were a monopoly on patriotism and the building of national security. This violates administrative practices in a democratic system.

The best way out of such a situation is for the minister of foreign affairs to show some generosity and allow all people to express their views and then make beneficial use of the conclusions that are arrived at. Simply oppressing people will lead to problems in the future. The greater the pressure, [the greater the chance] of an explosion later on.

Air Chief Marshal Sitthi said that Thailand will not be like Lebanon. I am not sure. The Lebanese split into several factions and took up arms to kill each other because of their inability to compromise and cooperate with each other. Finally, the PLO came in and seized part of the country. The Syrian army seized another part. Now, Israel has invaded the country and eliminated both groups, and Lebanon has been destroyed.

The question that should be thought about deeply is: Which group's actions caused the Lebanese to split apart?

WRITER BLASTS KHMER COALITION, URGES NEW VIEW OF SRV

Bangkok KHAO CHATURAT in Thai 2 Aug 92 pp 36-37

[Article: "A Hundred Views" column by Kraissak Chunhawan, Kasetsat [Agricultural Science] University: "An End to Conflict"]

[Text] "We ought to see the coalition government for what it really is. To what extent is it the desire of the three parties, or was it thrust upon them by Thailand and ASEAN? I think it is more a policy thrust upon them by ASEAN than the real desire of the three. Behind the alliance of the three parties there is a great amount of conflict, for example between Song Sann and Sihanouk. Song Sann sees Sihanouk as having betrayed him and joined with the Khmer Rouge after 1975. Sihanouk and Song Sann have both philosophical and personal differences with the Khmer Rouge. The Khmer Rouge killed 26 of Sihanouk's children. Sihanouk himself will not play a large political role in the coalition government. It would be very difficult for him to get his people to join the government. He would have to bring his sons in. Song Sann has no one either. He would have to bring in the next generation, which Sihanouk is against. He mentions over and over his displeasure that the Khmer Rouge tends to side with Song Sann.

We must admit there is a real crisis. We do not know whether they are determined, and if so will the work actually be carried out?

If we turn to the Kampuchean people, we must admit that the three political groups are a deceiving picture. For Kampuchean refugees who entered Idangna under mental and physical oppression, Sihanouk is the only hope.

Sihanouk used policies of suppression in the villages since the 1960s and to put down the large-scale peasant rebellions at Siamrat-Phratabong in 1972. Song Sann split with Sihanouk in 1975 and worked partly for Thailand. His principal work consisted of selling illegal goods in the border area and killing like a member of a robber gang, ineffective in the struggle. The fight with Vietnam was over in a matter of hours, and he retreated across the border. It can be seen that neither of the two has a good image in the eyes of the Kampuchean people.

And the whole world knows that the Kampuchean people do not accept the Khmer Rouge. Didn't they grit their teeth and accept Vietnam in exchange for being rid of the Khmer Rouge? The image of the Khmer Rouge is one of mountains of human bones, great numbers of cruel killings, destruction of families, and the destruction of the whole framework of society. No one but China accepts the Khmer Rouge. The image of the Khmer Rouge in the eyes of the Kampuchean people is zero.

How does the Thai policy fit the reality of the situation? In order for the policy of thrusting the three groups together to govern Kampuchea to work, the Thai military will have to participate. Is that what we want? And will the Vietnamese troops in Kampuchea allow it? The confrontation policy of the Thai government ignores the truth of the political and social situation in Kampuchea. I am not being unrealistic in saying that the Kampuchean people are better off today. Their lives have more meaning, and economically they are able to live like human beings. Even if there is a fight for survival, internal control has decreased greatly and there is a free economic system. Thai products are sold in markets in Pnom Penh, if only illegally.

Thailand probably will control the Kampuchean market in terms of foreign trade, whether or not the Thai Government is willing.

There is no use in saying that we should conduct a policy which is economically advantageous rather than pushing a policy that is not consistent with reality.

Political policies should take national economic policy into consideration as well, especially when we Thais have severe problems in the textile industry. Khundet Bunlong of the Textile Association has written asking the government to open the border.

Thailand ought to stop seeing Vietnam as the enemy and look at the reality in Kampuchea. Many foreign newspapers see a kind of justice in the Vietnamese aggression in Kampuchea. It may be against national principles, but when compared with the dark era of the Khmer Rouge, the Kampuchean people are glad it happened, even though there was some destruction. Thailand's policy toward Vietnam seems to be the same as during the Vietnam War period. We are carrying out a policy of opposition to Vietnam, competing to become the great power of this region. We ought to look at history in a new way now that the war is over. What should our attitude toward peace in Indochina be? How can peaceful diplomatic relations be to our advantage? We have permitted the US to use military bases in our nation to bomb them for over 10 years... let's end it. Vietnam appears to be willing to normalize relations with us.

If we wait and follow Singapore, the advantage will go to Singapore.

Support now will be used for the military, Song Sann and Sihanouk keep saying. That is, we must continue to confront Vietnam, and Singapore will become rich because Thailand won't have opened up economic relations with Vietnam. Thai products will go to Vietnam with Singapore as the go-between. You know that Vietnamese boats frequently come to Thai harbors to transport Thai goods, using Singapore as a middleman.

When will we be free of the superpower and cease to be her tool? Consider the advantages to the nation of ending the confrontation policy and carrying out a more advantageous policy to ourselves. Peace will be a product of national advantage, ending a history full of conflict and war. To create economic relations and peace: I think this is what Thais want."

9937

CSO: 4207/133

GRENADE ATTACK ON PREM DISCUSSED

Possible Reasons Given

Bangkok SIAM RAT in Thai 18 Aug 82 p 7

[Thoughts From the News column by Prachuap: "Why Did a Grenade Have to Be Thrown?"]

[Text] Until the police succeed in arresting the person who threw the grenade at the house of General Prem Tinsulanon, the prime minister, it will be difficult to stop people from making various comments about this. And the more comments that are made, the more misunderstandings there will be and the people will become even more confused. This is because so many people have commented on, or made guesses about, why someone threw a grenade at the house of the prime minister that no one knows what the real reason is or how much faith should be placed in these reasons.

The reason that so many people are interested in this is that General Prem is the prime minister, or the head of the government, and is responsible for the present administration of the country. This weapon is a very powerful weapon and is used mainly during a time of war or when a crime is being committed. It is not a toy that people will use to tease each other. Since someone took this weapon and threw it at the house of the prime minister, it must be surmised that this was done with evil intentions. The person definitely did not have any good intentions. And since this was an act showing evil intentions toward the prime minister, it means that there was some political, and not personal, reason for this act.

As for the political reason behind this, it is probably not necessary to harm the prime minister in order to remove him from his position as prime minister and change to a new prime minister. This is because, as is known, the term of the present government, or General Prem's term as prime minister, will end in April 1983, or only a few more months. After the next general election, there might well be a new prime minister depending on the results of the election. For example, if General Prem runs for election and the party to which he belongs wins a majority of the seats in parliament or if no political party wins a majority and a coalition government must be formed, people may support General Prem for another term as prime minister. But if it turns out that a political

party that opposes the present government of General Prem wins a majority of the seats, the position of prime minister will go to the leader of the political party that won the election. For this reason, I do not see why someone would want to harm General Prem for the reason discussed above. It does not seem that this would be worth the risk.

Besides this, considering what happened, from what has been revealed or reported, it does not look like the person who threw the grenade at the house of the prime minister intended to hit the prime minister. The grenade exploded in the large yard by the side of the house. The person who threw the grenade probably knew that, at that time of night, the prime minister would not have been relaxing and observing the moon in the yard outside the house. And what is important is that that was the night of a new moon and so there was no moon to contemplate.

Some reports have stated that General Prem was targeted for assassination once before when he went to unveil the Field Marshal Phibun Songkhram monument at the Artillery Center in Lopburi Province. That is, someone fired an M72 at him but the trajectory was too high and so the round passed over the vehicle and hit a tree. But I do not believe that there was any intention of killing General Prem. Because if someone had really wanted to kill him there, they would certainly not have missed. A similar example is when a former minister during the period of the Reform Committee government was shot at in Lampang Province during his trip to open a radio station there. If the person had really wanted to kill him, he would not have missed since the path is only several hundred meters long.

Since this evil person, or person who threw the grenade, did not directly aim at or intend to physically harm the prime minister, it is only natural to assume that this person had some other reason for doing this. Thus, based on summaries of the various comments, it can be said that:

This was done in order to scare the prime minister. This shows that someone wanted to scare him in order to discourage him and make him tired of serving as prime minister, since this would make him see that this position entailed heavy responsibilities and that it was not safe. Also, the purpose may have been to discourage him from running for election in the next general election. Because candidates who run for election must go out to seek votes, or come in close personal contact with the people. He cannot ride around in an armored vehicle or walk around surrounded by officials as he does at present. And even if he could, this might affect the number of votes he would win since the people might feel that an MP who hides himself in an armored vehicle or who is surrounded by officials for protection cannot work for the benefit of the people as much as he should.

As for another reason, the person who threw the grenade may have done so in order to show that the prime minister, who is the head of the government and who has great power, can have a grenade thrown at him at any time. Since this is the case, how can he govern the country, preserve peace and order in the country and look after the safety of the people in general. Or put another way,

[the person] wanted to show people that the government does not have the stability outside parliament that it should.

In particular, after this grenade was thrown at the house of the prime minister, Major General Praman Adireksan, the deputy prime minister, told reporters during an interview that, on two occasions, grenades had been thrown at the house of the deputy prime minister. But to date, the person responsible for this has not been caught. It seems that Major General Praman's purpose in giving this interview was to point out that bombing the homes of important people in administrative circles is a common matter these days. Or it is the development of the weapons used in committing crimes. This is an ordinary matter that can happen any time. Or [the person] may have wanted to show that the efficiency of the police and the maintenance of peace and order in the country are presently declining. Thus, I do not think that it will be possible to catch the person who threw the grenade at the house of the prime minister, just as in the case of the deputy prime minister. I do not know how General Prem, the prime minister, felt after hearing this.

One reason that continues to be talked about is that this [bombing] had something to do with the annual promotion of military officers. In particular, in the army this year there is an important position that will become vacant. This position is the position of commander in chief of the army. But this position does not have significance only for the army. It is also important for, or connected with, various political positions. And this year there are two high-ranking officers who are in the running for the position of RTA CINC. And each one has a similar number of supporters among military officers. Thus, the grenade that was thrown at General Prem's house may have been thrown by a person who wanted the military promotions to turn out a certain way.

Concerning this view, some officers have told reporters that there is no evidence favoring this view since the promotion of officers must be done in accord with the regulations and standards that have been stipulated. Promotions are not up to General Prem. In my view, I do not see how the annual promotion of military officers is related to the bombing of the house of the prime minister. It is more likely that this was a personal matter.

As for the final reason, it is said that this was done by someone who does not have good intentions toward a democratic government or who does not want there to be a general election after the term of the present parliament expires. Because if the election is held in accord with the provisions of the constitution, administrative power may shift hands. Or put differently, depending on the results of the election, those who have held power or played a political role by having been appointed may lose their power and various benefits. Thus, they may want to create a situation in order to show that the country is still in a situation in which acts of violence may occur at any time, even to the point where the prime minister can be targeted and bombed easily.

It is likely that all these comments will confuse the people. Thus, the best thing is for officials to quickly conduct an investigation and find the person

who threw the grenade in order to point out the facts to the people so they have a correct understanding. And even though the guilty person has still not been caught, the government, particularly the prime minister, should issue a statement so that the people can be confident that, regardless of who throws grenades or engages in similar acts for some reason, the government will continue to govern the country and carry out its duties in accord with the laws and the provisions of the constitution in order to bring about democracy in the country and resolutely prevent people from "wandering off the proper path" as people have done in the past.

Columnist Comments

Bangkok BAN MUANG in Thai 18 Aug 82 pp 4, 5

[Free Thoughts, Cool Breezes and Sunshine column by Nui Bangkhunthien: "A Plan For What?"]

[Text] This attempt on the life of General Prem Tinsulanon, which is thought to be the second attempt, has created doubts among the people. This is because the M26 grenade was thrown at some distance from the house and the person who threw the grenade did not know for sure where the target, that is, General Prem, was in the house.

It is possible that the person did not intend to harm General Prem. Since the object was [apparently] not to harm him, other reasons must be considered. Perhaps the intent was to frighten the prime minister. Or perhaps the intention was to create an incident.

The phrase "to create an incident" does not have a bad meaning from the standpoint of those who presently hold state power.

Some of the guesses [about who was responsible] are that it was the communist terrorists, a secret international organization, a group that has lost power, a group whose interests have been harmed, a group that does not want there to be an election next year and so on. Any one of these groups could be responsible for this.

Police General Suraphon Chunlaphrom, the director-general of the Police Department, set up a special committee and announced that the person who threw the grenade would be hunted down.

I think we will have to wait and see how long this takes.

Previously, when there were explosions in various public places, the high-level administrators in the Police Department said things to the effect that they knew who was responsible but that they did not have clear-cut evidence and so they could not arrest them.

It was hinted that this involved a double-cross over a struggle for political benefits. I do not know whether this surmise will be used again or not.

I agree with Lieutenant General Chanthonkhup Sirisut, the secretary-general of the prime minister. "It is easy to obtain war weapons in Thailand."

And I agree with the statement by General Sitthi Chirarot, the minister of interior. "This involved a person with 'restless hands.'"

As for the person throwing the grenade in order to intimidate the prime minister, a person of General Prem's rank is not a coward and does not frighten easily. He has served in many battle areas.

This may have been done in order to make the people feel that things are not safe in the country today.

General Prem was not shaken because the grenade did not even hit the house.

The people know that if things are not normal in the country, there will be something to indicate this. As for governing the country in the present world situation, the first thing to be looked at is the security of the nation. If the government lacks stability and frequently collapses, this will have a great effect on all the people in the country, including those in the military and economic sectors.

The government of General Prem has succeeded very well in creating stability. Thus, if someone criticizes him on some economic matter or criticizes him for being sluggish, I do not think that this is being very fair to General Prem.

On the other hand, if someone else takes over as prime minister, not only is there no assurance that there will be economic recovery, there may be no government stability either.

It will take Thailand some time yet to correct the ideological foundation that forms the national ideals. To create a secure foundation requires a secure political and military system.

For all of these reasons, I cannot see any benefit from ousting General Prem from his position as the head of state.

Regardless of whether this is some political tactic or just playing dirty using every means available, I would like to conduct a public opinion poll to see who would make a better prime minister than General Prem.

In a society in which people lack ideals and only seek profits for themselves, there may be much talk of ethics, moral principles and virtue, but people are really struggling to become powerful.

As for such a society, history tells us that this was an ancient type of society in which people believed in animal spirits. They were not like the people who are living in the present age.

Editorial Notes Military Connection

Bangkok MATUPHUM in Thai 18 Aug 82 p 4

[Editorial: "It Is Time to Use the Professional Soldiers"]

[Text] The English BBC radio reported the incident in which a grenade was thrown at the house of the prime minister. It reported that, at present, Thai military circles are divided over the matter of who should be the next commander in chief of the army. And it said that the military in general is dissatisfied with General Athit Kamlangek, the assistant commander in chief of the army who is expected to be appointed to this position, because he is too ambitious.

The BBC report was broadcast after the grenade was thrown at the house of the prime minister.

The BBC likes to link this story with that story or mix several stories. This is something that the BBC must take responsibility for.

In our view, the country's officials must deal with the person who threw the grenade, regardless of which individual or group was involved. This act was too audacious. It has harmed the morale of the people and is not in accord with [the rules of] a democratic struggle.

But concerning the position of RTA CINC, we definitely feel that the person selected must be a professional soldier who intends to develop the RTA and turn it into a strong and disciplined army that is patriotic and that loves democracy.

We strongly disagree with those who are trying to use the military as a political base.

Ever since the change from an absolute monarchy to a democracy, there have been attempts by those who control the army to use the army as a political base in order to keep power for as long as possible. And they have succeeded.

As for their actions, besides the fact that they have enjoyed power as administrators and made great profits from serving as administrators, these people have caused turmoil in the army. Many of the generals know more about business, finance and banking than they do about fighting. Many of the generals have served politicians or held political power themselves in order to become wealthy.

The Thai people have seen this evil picture and they have been hurt terribly.

Some of the professional soldiers have been greatly disappointed, and they have become disheartened. Others feel that the problem can be solved by returning to the departments and divisions and trying to turn the army into a national force.

We feel that, in considering people for the position of RTA CINC, they should be considered on the basis of what they will do to enhance the prestige and honor of the RTA.

Columnist: Athit Must Take Action

Bangkok MATICHON in Thai 18 Aug 82 p 4

[MATICHON News Desk column by "an Ordinary Reporter": "The Grenade Thrown At Prem Shakes Athit"]

[Text] Even though this is the second time that certain groups have attempted to assassinate General Prem Tinsulanon, the prime minister, the real target is not General Prem. Such an opinion is not only strange but really rather odd.

However, there have been two attempts on the life of General Prem. The first was on 16 July at the Artillery Center in Lopburi Province. An M72, a war weapon, was used but, if it was a professional, he was not a very good shot, unless the purpose was just to warn or scare him.

The same thing seems to be true of this second attempt using an M26 grenade. The aim was not to kill the owner of the Si Sao Thawet house. Rather, the person only wanted to threaten him or he was disgruntled with the owner.

The M26 grenade, which was thrown from the direction of the Army Club, had no chance of reaching the large house of General Prem. The person more likely to have been killed was the lieutenant colonel who serves as his aide since his residence was idrectly in the path of the grenade.

Since the aim of this terrorist act was not to kill the prime miniser, what was the real aim?

It can be said rather confidently that both the M72 and M26 incidents were meant as strong protests against General Prem appointing General Athit Kamlangek to the position of commander in chief of the army during the coming promotion period.

As the day of the annual promotions approaches, actions to trouble and protest against General Prem will increase in order to show him that if he does not heed their warnings, many more bombings will occur (this is the rumor).

Why has General Athit Kamlangek been the target of these acts of terrorism in this period and in the previous period?

As for the answer to this, it can be said that both the bomb that was exploded in the street near the house of General Athit at the beginning of May and, in particular, the M26 grenade that was thrown several days ago were a challenge to General Athit with General Prem the victim.

What is very clear is that maintaining the safety of the prime minister's house is not the responsibility of the police. It is the direct responsibility of General Athit.

Any such threat or act that is considered an insult is not an insult to the prime minister alone. It is also an insult to the grandly named "Narasing" [Great Warrior] troops formed by General Athit Kamlangek, the person who has offered to be the political base of General Prem.

Since this is the case, it means that clearing up this act of terrorism does not mean just eliminating the political enemies of General Prem and General Athit. It is also a really important example for General Athit before he takes over the position of RTA CINC.

If General Athit does not deal with these people who set off the explosion and threw the grenade in a resolute and proper manner, the seat that General Athit will sit in, that is, the seat of the RTA CINC, will not be as soft or pleasant as he had hoped. Because besides there being a thorn already, there will be huge spikes waiting to stab him in the rump.

This may be a great battle but I am sure that it will not be beyond the wisdom and capabilities of an officer like General Athit Kamlangek, who will certainly become the RTA CINC.

'SIAM RAT' Editorial Comments

Bangkok SIAM RAT in Thai 17 Aug 82 p 3

[Editorial: "A Grenade Was Thrown At the House of the Prime Minister"]

[Text] The grenade that exploded in the middle of the night of 15 August at the prime minister's house at Si Sao Thawet did not make a noise just in the circles around General Prem Tinsulanon, the prime minister at whose house this occurred, or among the officials concerned, including the military and police. It also sent shock waves through all the Thai politicians after it was announced that there were political reasons behind this incident.

Is politics in Thailand now being played with bombs?

Can Thai politicians disturb the prime minister, who has a firm military base and strong support in all the institutions, by using such illegal methods?

There is only a few months left before the term of the government and parliament expires in accord with the provisions in the constitution. The explosion at the

house of the prime minister will make people think that the position and safety of the country have deteriorated to the point where even the prime minister, who is an important national leader, is not safe from harm. Will this destroy the people's confidence in the government?

General Prem stepped into the position of prime minister and took control of the country in a somewhat devious manner that has threatened [some people's] interests and they may not be willing to put up with this. But do they have to settle matters by using power above the law like this?

As for the questions posed above, actually there are many more that people will naturally want to ask and discuss. Although no one was harmed in this incident, it has shaken and caused fear among those who have much knowledge about the matter. People have the right to think and comment on this as long as there is some possibility that what they are saying is true and worth thinking about. What is alarming is that, when something like this occurs, if the people concerned, particularly [those in] the government, try to ignore the matter and let it die down, the result may be the opposite of what the government wants. That is, there will be endless talk about this, doubts will arise and there will be gossip in society to the point where this will become a tool of those who have bad intentions toward the nation or who hope to make a profit for themselves.

Concerning this incident at the house of the prime minister, this is an important matter and the government should point out the facts to the people as quickly as possible. Nothing is more important than this. The country is hopeful that there will be correct political development in accord with democratic methods. Incidents that are contrary to this and that involve politics will be important factors leading to instability if people are not made to understand. As for governing the country in an orderly way in accord with the laws, people in all groups will have doubts.

We do not want such a situation to arise again.

11943

CSO: 4207/145

HELICOPTERS TO BE ORDERED FOR NEW AVIATION UNIT

Bangkok MATICHON in Thai 6 Aug 82 pp 1, 12

[Article: "Thirty Helicopters Purchased; Air Cavalry Unit Formed"]

[Text] The army has given the Army Aviation Center permission to spend several hundred million baht to purchase 30 helicopters and form a new unit in order to increase the capabilities and establish an Air Cavalry Department.

Major General Sunthon Khongsomphong, the head of the Army Aviation Center, talked with MATICHON on 5 August at the Chulachomklao Royal Military Academy about the fact that there has recently been a number of accidents involving helicopters belonging to the army and other services. He said that it must be admitted that the aircraft presently in use are old and they have been in use for a long time. Thus, it is only natural that there will be malfunctions and that accidents will occur because of this. However, the Aviation Center is trying to purchase new aircraft.

Major General Sunthon said that, for fiscal year 1983, the center has received permission from the RTA to spend several hundred million baht to purchase 30 helicopters in order to form a new wing and replace the old equipment that has broken down. This is in preparation for establishing an Air Cavalry Department.

"This is the first step. Before the department can be formed, there must be another wing, or another 30 helicopters. As for the forces, at present there is a full complement of men. We are just waiting for the equipment," said the head of the Army Aviation Center in conclusion.

11943

CSO: 4207/143

NATURAL GAS PREDICTIONS CALLED FAR TOO OPTIMISTIC

Bangkok KHAO CHATURAT in Thai 9 Aug 82 pp 8-13

[Article: "The Secret of the 'Erawan' Gas Site Revealed: Dark Times"]

[Text] From the unbelievable estimates of the quantities of certain deposits of natural gas from "Erawan" and unofficial reports of the strong feelings of General Prem Tinsulanon and his cabinet for economic affairs concerning the problem, so that the director of the Department of Mineral Resources, Praphat Chakkaphak, had to fly off his director's chair and swing over to become deputy minister, and high-level officials have been removed from posts in the Ministry of Industry recently, there have now been further reports that there may be important effects on many future projects along the eastern shore and various projects in which tens of billions of baht have been invested.

This is all because new data from the Center for Natural Gas Operations has reached the government office, showing disappearing investments and that opportunities for projects in the near future are really "a closed door, dead." Nevertheless, there is still the hope that "if natural gas from other sites such as Structure B of Texas Pacific, or sites other than Union Oil's Erawan can be used, the crisis can probably be avoided."

These last visions of hope are seen by one source in petroleum circles as very vague. At this time opportunities for brilliant natural development have become dim, and I would call this new direction the way to darkness."

From the news files in the collection of CHATURAT's documents department, here is, briefly, the development of natural gas in the Gulf Thailand:

After the government's acts of parliament on petroleum and petroleum taxation in 1971, it was announced that oil surveying companies would be invited to survey for petroleum in Thailand. The government announced the occupation of the continental shelf in the vicinity of the Gulf of Thailand and the Andaman shore. The surveying of the Gulf was divided into 19 areas. Surveying began in June 1971. At the time, the government policy stated only that the survey must make Thailand partially energy self-sufficient by substituting natural gas for oil from abroad to ease its disadvantage in the balance of trade and to save foreign currency. An abundance of projects followed.

Then there were reports that as a result of the surveys, two companies, Union Oil and Texas Pacific, had found natural gas. The estimates by the consulting company of quantities of natural gas in Union Oil's "Erawan" site, approved by both the Thai Government and Union Oil, were 1 trillion cubic feet of deposits; and they agreed on a contract for purchase and sale to the Thai Petroleum Agency last September, 1981. The next site discovered was called "Kraphong-Plathong." It was estimated that there would be approximately 1.3 trillion cubic feet of deposits there. Later, the "Banphot" site was estimated at .8 trillion cubic feet; the "Stool" site another 3.2 trillion cubic feet; the "Pladaeng" site .6 trillion cubic feet; and finally the Chakrawan site was estimated at another trillion cubic feet. In addition, natural gas was found in Union Oil's sources called "Pladaeng Nua," "Funan," and "Trat," which early reports said ought to be of commercial value.

Reports from the news files go on to say that the "Erawan" site, which is estimated at containing over 1.8 trillion cubic feet of natural gas deposits, is now having problems because, in fact, Union Oil is unable to supply according to contract the gas it has sold to the Thai Petroleum Agency; and there may be new investigations into the amount of deposits of other sites, the sale and purchase of which are still being negotiated by Union Oil and the Thai Government through the Thai Petroleum Agency. Two points still have not been agreed upon: the insistence upon the quantity of certain natural gas deposits found at each site, because the figures given were only estimates; and the problem of an appropriate price.

"It is particularly necessary that the estimates of certain deposits become stricter and more sure, because this lesson with Erawan has hurt a lot. That explains why the deliberations over the purchase will certainly go on for a while," one news source said.

The second company, Texas Pacific, found natural gas in two major sites: "Structure B," estimated to be the largest site discovered because estimates are that the amount of deposits is as much as 5.8 trillion cubic feet of deposits. The sale and purchase of Structure B is under deliberation with the Thai Government, and the negotiations have gone on for a long time, from its discovery to the present, without finding a point of agreement.

It has been revealed that the Thai Government is very concerned in its deliberations with Texas Pacific because of data maintaining that the natural gas in Structure B is of poor quality, having a low temperature and small quantities of hydrocarbons such as propane [sic] and butane. But more important is the fact that Texas Pacific asks a price more than the Thai Government is willing to pay. The deliberations are only a way to stall without frightening other investors.

"I believe in the end there will be no agreement, because we believe it is poor gas, and the price being asked is too high. Texas Pacific believes that they have invested a lot, so they think in terms of how much investment will be lost and that they will suffer a loss," one news source said, adding that in the end the question of negotiating an increase in the amount of

liquid natural gas (L.N.G.) sent abroad will have to be brought up. People without a deep understanding think that if the Thai Government is willing to do that, it will be a great loss. The same news source pointed out that: "They think that because they misunderstand," mentioning the following points:

1. The Thai Government doesn't want to purchase Texas Pacific's gas site Structure B, because from its data it believes that gas from Union Oil's sites is of better quality, and that it is likely to be sold at a lower price than that of Texas Pacific.
2. The government does not dare stop the deliberations with Texas Pacific immediately because it is afraid that Union Oil would gain the status of the Thai Government's only supplier of natural gas and would raise its prices. The government wants competition in price between the two surveying companies.
3. The opportunity to send liquid natural gas abroad is determined by two things: 1) the need for greater investment in setting up machinery to transform natural gas into liquid gas, which raises the price of the gas; and 2) at this time many countries have discovered natural gas, resulting in strong competition. The opportunity to sell on the world market is determined by price and sources of funds for production. In this Texas Pacific doesn't dare take a risk. Texas Pacific wants to sell its gas to the Thai Government. A notice to Major General Chatchai Chunhawan and Airforce General Sitti Sewotsila from M.R. Brekbil, head of the company, said that the company (Texas Pacific) wanted to sell the gas for use in Thailand. If there is a surplus, it would be sold abroad. Therefore, it would be unfair to turn around and sell it abroad... That could have a positive effect on the problem.

In any case, it was revealed by this news source that under these conditions Union Oil's "Erawan W site still hasn't encountered the monsoon. When present conditions are brought into the deliberations, the news source concludes, "everything should change. If Union can't solve the problems, if they can't give quantities of certain deposits of natural gas at their various sites, the incident with Texas Pacific may have destroyed the old policy, and deliberations may have to start over."

And if that happens, he believes "the government will probably be in the position of escaping the tiger to meet the corcodile, because Texas Pacific will hold at least one better card than the Thai Government."

But how serious is it? A news source directly involved in the project for natural gas development in the Gulf of Thailand maintains that, "We must fight as hard as we can, because if we don't succeed many more national development projects that have been planned will be sure to fall apart."

I

It is understood that the aforementioned important plans refer to the development plan for the eastern shore into a new full-scale industrial area with all kinds of factories that need natural gas as a raw material, with the Thai Government setting up a plant to process natural gas for the Thai Petroleum Agency, clearly in Rayong province, where part of the gas can be processed in order to supply these factories and part will be sent for fuel to be burned by the Bangprakong and South Samrong power plants and to factories which produce lime cement for the Thai lime cement company in Saburi province. The original target for the Japanese-funded 7,360,000,000 baht natural gas processing plant bringing gas from the Gulf of Thailand is to process 350 cubic feet per day to make methane gas to be sent through pipes to be burnt by the electric power and lime cement factories in Saburi; 246 million cubic feet per day to be made into ethane for use as a raw material in the petrochemical industry, which is a basic industry that will be able to branch out and expand; another 340,000 tons per year for cooking gas and propane [sic] to supply the nation's needs for cooking fuel; and other 463,000 tons per year to be used to replace oil for machinery and about 63,000 tons of gasoline per year to go to the Siracha and Bangchak oil refineries to be refined into benzene.

The project, in brief, was scheduled to begin by bringing 80 million cubic feet of gas from the "Erawan" site, beginning 12 September, 1981, and to increase to 200 million cubic feet on 1 October 1981, and from there to 250 million cubic feet on 1 July, 1982, gradually increasing so that before the end of 1986, which is the final year for the fifth development plan, no less than 525 million cubic feet per day of gas would be brought to the processing plant. When that level is reached, a second plant would be needed.

For that work to go according to plan, a report revealed that the Thai Petroleum agency will have to buy more natural gas from sites other than "Erawan." The Erawan site was targeted only at 250 million cubic feet per day, at most. According to the contract, the Thais would fund the pipe-laying from the production bases onto land, and the company with the franchise would fund the laying of pipes from all the production bases to the main base at the site.

At present it is estimated that the Thai government has already invested at least 20 billion baht in the development of natural gas, particularly on the project to construct gas pipes, including pipes 34 inches in diameter laid offshore for 425 kilometers, construction of a coastal dehumidifying station, pipes 28 inches in diameter laid on land for 170 kilometers, construction of a control center for operations and transport of natural gas, using computers and communications systems to transport the natural gas to be used as fuel in the Bangprakong and South Pranakhon power plants, an investment totalling 11,615,000,000 baht. Construction was completed last 12 September; and at present the project to construct gas pipelines to the Saburi lime cement factory is nearly complete, the connecting pipes having been laid from the gas control point at the main pipe near Bangphli northward for 170 kilometers. This is scheduled to be completed at the end of this year or the middle of next year. There is also a project to

lay connecting pipes to the Bangphli industrial district and Pujau Samingphrai in order to use natural gas as a substitute for cooking gas, diesel oil, and L.P.G. gas in use today, which is scheduled to be completed next year as well.

In addition, to begin soon is a project to connect gas pipes from other of Union Oil's structures, such as the Kaphong-Plathong structure, the Banphot structure, the Stool structure, and the Pladaeng structure, 24-inch pipes 43 kilometers in length, with the main line 328 kilometers from the shore of the Rayong Gulf; and to build three additional stations increasing the power along the sure by 2,000 horsepower, which increases the capacity for gas transport on land to more than 350 million cubic feet, which is estimated to require an additional investment of at least 10 billion baht.

"My question is, if there is a mistake in the estimate of quantities of deposits in the Erawan site, where Union is actually unable to supply as much gas as agreed upon, what evidence is there that the estimates for the other sites are correct? Who is responsible if they all turn out to be like Erawan, and who should be responsible for the trillions invested in the pipe construction for that gas?" These questions were posed by an economics professor at a well-known university. He emphasized that: "Projects that have been planned but not yet begun, such as the fertilizer project and the petrochemical project, may not be much of a problem because they haven't really begun. If we stop now, apart from losing face, nothing will be lost. But where investments have been made, someone must be found responsible."

But some people see it differently, believing that it is not correct to say that natural gas will not be beneficial. They say:

"I believe that the quantity of natural gas in the Gulf of Thailand is not as great as was said. That is probably true. But, it is not correct to say that it is not worth the investment. I believe there is enough that the government will have to decide whom, among the factories that will want to burn it as fuel and the other projects, particularly the fertilizer project which benefits the farmers, to give the gas to. I believe the government will have to decide because there will not be enough gas to complete all of the projects. But, I believe the government will not be inclined to risk investing in the fertilizer project; it will go for more certain returns, selling it to the various industries for fuel."

From the viewpoint of this person, it can be concluded that the outlook for natural gas is probably still bright for industry, but there will be dark times for the many farmers dreaming of cheap fertilizer to increase their production.

Disastrous Calculation

Today's math problem to think about is: 250 cubic feet minus 137 cubic feet. What is the answer? Note--the answer must come from the Minister of Economic Affairs of the present government.

The answer from well informed circles--the same as the development project for the eastern shore, "ruined"; and the fifth development plan, "ruined" as well.

This is the opposite of the slogan "brightness and brilliance," intended to refer to the success of the search for large quantities of natural gas in the Gulf of Thailand, which led to other projects to hurry the development and raise production capacity for both the agricultural and industrial sectors of the nation.

A news report said we "hit the jackpot" because of the amount of deposits in the "Erawan site" of Union Oil, just one of the natural gas sites in the Gulf of Thailand, for which a contract for purchase and sale to the Thai Petroleum Agency, was handled smoothly. In the middle of 1981, suspicion was aroused as to whether or not the estimated quantities were actually present.

What led to the suspicion was the fact that up to now Union Oil has been unable to supply the quantity of natural gas agreed on in their contract with the Thai Petroleum Agency; and Union Oil is running around rechecking its new deposits of natural gas, because it is not certain whether the consulting company's figures are accurate.

Following the discovery of natural gas in the Gulf of Thailand according to modified surveys 12 and 13 of Union Oil's franchise base at the site later known as the "Erawan site," the Thai Government and Union Oil agreed to let the De Goyler and MacNaughton Corporation of the U.S. act as "middleman" and survey the quantity of natural gas deposits at that site to be used as data in making future decisions. According to that corporation's report, the result of its survey was that there were 1.580 trillion cubic feet of certain deposits and another .215 trillion cubic feet of fairly certain deposits. Therefore, it was generally believed that there would be 1.795 trillion cubic feet of deposits of natural gas at the Erawan site, which was considered one of the largest sources of natural gas. In addition, the report of the "middleman" corporation estimated that Union Oil would be able to bring up to 14 million cubic feet per day from a hole. Therefore, the 42 holes of Union Oil's Erawan site would be able to supply 290 million cubic feet per day. However, Union Oil has protested that it can only bring 7 million cubic feet per day, which would require at least twice as many holes to bring up the quantities in the estimate of the "middleman" corporation.

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UNEMPLOYMENT PICTURE WORSENS

Bangkok THE NATION REVIEW in English 19 Jul 82 p 4

[Article by Manas Ruamrudee]

[Text]

WHEN THE ECONOMIC ministers meet for their weekly meeting today, a worrisome report on the overall picture of the country's employment situation for 1982 will urge some concrete actions to relieve the foreseeable short-term problems — and to lay down long-term corrective measures within six months.

While the ministers may choose to deliberate on the specific topic of creating a "one-stop service centre" for workers going abroad, especially the Middle East, to declare a definite policy on the issue, the overall analysis of the employment picture will be far from rosy.

For one thing, a total of about 760,000 persons will join the labour force this year. About 100,000 of them will be graduates from universities, high-level vocational colleges, teachers' colleges and vocational schools.

They will join the frustrated 150,000 others who remain unemployed despite their higher-level education due to the stagnant economy, aggravating the situation even further.

The government's standing policy to limit the expansion of recruitment of officials in the officialdom within four per cent in 1982 naturally hasn't helped matters either, especially when one compares that growth rate to the previous nine to 12 per cent before 1981.

In real terms, the number of "vacant posts" in the bureaucracy for 1982 is only 37,808 compared to 1981's 46,972 positions. Past figures have shown that about 65 per cent of graduates from high-level educational institutes tend to seek jobs in the government sector. And that door is now slowly closing in on them as well.

Jobs on the farm have also been on the

diminishing side. And that could well be a more disturbing fact since it has been estimated that 72 per cent of Thailand's employment opportunities are in the agricultural sector.

But things have been gloomy there as well.

The government's much-publicized job-creation project has been trimmed down drastically — from a budget of 3,000 million baht in 1981 down to only 1,850 million baht this year. Changes in the regulations on employment for this scheme have also cut down jobs of the local villagers by about 70 per cent, compared to the figure of last year.

One clear consequence is a stepped-up migration of rural villagers to the cities. The Labour Department's figures show that the number of rural people seeking jobs in Bangkok had gone up from 31,924 last year to 43,151 so far this year.

Unemployment on the farm has evidently been on the increase, at least during the first six months of the year. The situation for the rest of the year relies largely on the weather. The Northeast has already reported a prolonged drought now and the effects have been reflected in the growing influx of rural farmers into the cities, adding pressure on the unemployed in the urban areas.

The downward trend of prices for agricultural goods is expected to affect investments and agricultural sector's employment in the 1982 production year as well.

The general economic stagnation in the first six months of this year has seriously affected several major industries such as textile, both on the middle and small scales. Production volumes have been cut down by an average of 30 per cent.

Some textile factories have chosen the only pragmatic way out under such a grim economic outlook — closure of the plants. Only large factories have managed to maintain their production capacities so far.

The construction industry, too, has been hard hit. Official figures show that in the first three months of 1982, applications for construction activities in Bangkok and outlying provinces went down by 35 per cent compared to the corresponding period in the previous year.

Economic dol-drums have also hit other industries such as those related to automobiles, radio set assembly, air-conditioners and refrigerators, all of which have reported a downward trend in business.

Again, the Labour Department's figures show that at least 50,000 workers were laid off in 1981. The gloomy forecast is that a total of about 100,000 labourers may face the same fate throughout 1982.

While the negative picture seems real enough, concerned government agencies have not been able to ascertain just how many new jobs will be made available in the near future.

But then, according to figures of the number of enterprises given promotional privileges and those allowed to open up operations, total jobs will be reduced by about 33 per cent (from 5,672 to 3,807) and 16 per cent (from 20,655 to 17,238) respectively in the first four months of this year, compared to the corresponding period last year.

If solutions were to be taken promptly enough, the first question appears to be whether the government could lay hand on accurate and reliable as well as timely facts and figures. Perhaps, a specific monitoring body should be assigned to follow the pattern of changes on this vital aspect of the economy.

The other possible solution is for the

government to pay more attention to marketing policy, diversification of commodities produced and long-term relaxation of export regulations.

Of vital importance in this sphere is the recognition of the importance of industrial relations between the workers and entrepreneurs — so that the wage rates could be adjusted to realistic scales.

Both sides would have to realize that they have to sacrifice. Several countries have adopted this compromise policy with satisfactory results — achieving the goal of the workers' demand for the number of workers not be reduced while employers are given incentives to maintain their current sizes of staff.

One of the proposed solutions is to promote self-employed occupations such as street-hawking and public transport services (particularly mini-bus driving, in the Thai context) so that job opportunities could be improved in that field.

But such a policy means that the law-enforcement authorities would have to take a few steps back in cracking down on illegal vendors and mini-bus drivers. A new streamlined system could be worked out for these people.

The government may also set up a centre or a data system to handle job location in the cities to reduce the cost of identifying vacancies for the public.

Labour export is

certainly one way of solving the problem. On this, the government would have to come out with a firm policy through financial support, probably in the form of bank credits or loans from other financial institutes with low interest rates to Thai firms exporting labour and competing for construction contracts abroad. Proper diplomatic pressure may also have to be applied in certain cases.

It has also been suggested that to relieve the immediate unemployment problem, the government should fill all the 16,357 vacancies within the bureaucracy (these positions do not include those in the National Secondary Education Office), with the proviso that these new recruits must be assigned out to the rural areas to the greatest extent possible.

University graduates may also be hired to join Thammasat University's Graduate Volunteers Programme or to help in the administration of rural development and job-creation projects in the next fiscal year.

Another possibly very effective solution would be for the government to speed up construction projects during the dry season so that people from the agricultural sector could get jobs in the cities during their off-harvest season.

In considering expanding credit line to the agricultural sector, the Bank for Cooperatives and Agriculture should give

priority to farmers hardest hit by the low prices for farm produce during 1981/82.

Long-term solutions will involve several factors, not the least being the setting up of a definite policy and work plan to enable the government to make decisions on a systematic and continuous basis.

Several unclear factors will have to be examined and ruled upon before long-term solutions could be determined.

They include the relationship between national budget and job opportunities. It is important to determine for certain which particular part of the national budget affects employment to what degree.

Of equal importance is the problem of unemployment among graduates from higher-level educational institutes. The percentage of university graduates being unable to get jobs have gone up steadily — up to 30 to 40 per cent at some places.

The agricultural

sector will continue to play a vital role in the country's employment future. Government's taxation, direct or otherwise, on farm products had served to depressed farmers' income and jobs on the farm.

It would be wise for the government to adopt a policy to reduce farmers' tax burden and pursue a vigorous land reform scheme. Whatever is to be done in this regard, however, actions should take employment into full consideration. The job-creation project has served such purpose. It should receive continuing support, in both financial and manpower aspects.

It should also be interesting to look seriously into future labour-intensive industries vis-a-vis new technology so that the government could adopt a definite policy on the issue.

While a "Thai-style" industrial relations system should be promoted, the long-term study should also look into the structure of wage rates.

The government's policy in this respect has been self-contradictory, to say the least. While it has set minimum wage rates, it has indirectly subsidized wages through taxation of agricultural products such as rice.

The different minimum wage rates for different regions in the country have also served to encourage migration of labour force. This is a crucial issue which requires in-depth study in the future.

The services field should also be studied in great detail, since it ranks second now only to the agricultural sector in this connection. Its absorptive capacity should be examined thoroughly and the role of banks, commerce, food outlets and restaurants should be given thorough combing.

A specific institute should be assigned to conduct studies into all these vital fields for the government to consider. A deadline of six months should be set down so that the economic ministers could decide on a definite and effective long-term employment policy for the country.

EXPORT TAXES TO BE CUT TO SPUR RICE EXPORTS

Colombo THE ISLAND in English 23 Aug 82 p 4

[Article by Howard D. Greene]

[Text]

AFTER OVER ten years in Thailand, Peter Feddersen, Vice-president and general manager of Continental Overseas (Thailand) is more optimistic than ever about the prospects for Thai Agriculture. The reason is the Thai Government's abandonment last December of restrictions on rice and maize exports will allow traders to do what they do best; supply Thai grain to a hungry world.

Thailand has long pursued a two edged policy for some major agricultural products by trying to assure good local supplies at reasonable prices while maximising the returns on agricultural exports. In the case of rice, the mechanisms used to perform this feat are the rice premium, the reserve requirement and the export tax. All three of these policies amount to a tax on exports that can be adjusted with one eye on the world market and the other on the domestic wholesale prices. In May, 1980, for instance, the Bangkok wholesale price for metric ton of top grade rice was 7,500 baht (US\$350). That same rice loaded on a ship for export fetched 11,000 baht (US\$540) — the export levies accounting for the difference. Feddersen calls these policies tax on the farmers, because of the effect they have on farm prices, especially during a bouyant world market.

Thailand exported about three million tons of milled rice during both 1980 and 1981, worth US\$1,110 million in the latter year. Thailand hopes to export 3.3 — 3.5 million tons this year, but faces slack demand in some of its traditional

markets, which have had good crop years. Achieving the export targets, however, will not come close to clearing the granaries, since as estimated 4.5 million tons are available for export. But Feddersen thinks that grain traders could move the amount. "It is," he commented, "a matter of price."

And prices have plummeted since late 1981, falling embarrassingly below the government's announced price supports for the farmers. To move the rice out of the domestic market and firm the farm price the government engaged in a frantic series of export tax cuts. The rate on 100% grade B white rice went from a total of US \$149 per metric ton in October of 1981 to US\$52 in January. During that same period the world market prices dived from US\$465 to US \$352 — which compares with the January 1981 price of US\$478.

Feddersen explained that the piecemeal approach to reducing taxes actually slowed the trade at the start of the year "importers were waiting for the final cut," he commented, noting that nobody wants to buy at a higher price and then be under cut by the competition. To put life back into the market, the Thai government announced an end to tax reductions in February. Meanwhile the Thai government has begun scouring the world for rice markets.

The main controls on the maize trade were the export quotas and the minimum export price, both dropped in December. The export quotas were intended to help

guarantee a supply of grain to the local feed mills while the minimum selling price set regularly by the pricing subcommittee for the Maize Traders Association — was meant to prevent evasion of currency controls.

As a result of the quotas system, and the government's fear of a domestic shortage, maize export were stagnant in early 1981, despite a good crop year. Some exporters were more interested in trading quotas than in trading maize, and for good reason, at one point quotas were worth up to US\$20 per ton. The restrictions and resulting marketing problems, however, caused such traditional customers as Malaysia, Taiwan and Japan to seek other sources. Fortunately, this shortfall was compensated for by increased deliveries to the Middle East.

Later in the year concern grew over the government's ability to prop up the US\$109 per ton support price especially in the face of declining world market prices. Within a week of freeing the trade however, mills were buying heavily in anticipation of increased export demand. Prices to the farmers rose significantly.

With free trade in maize Feddersen sees a rapid decline in the number of exporters, from well over 100 in years past to perhaps 30. "Only those that have invested in facilities will stay in the trade" he said.

Since maize is the major commodity handled by Continental

Overseas this development should bode well for the company. Feddersen sees Continental's share of the export market expanding from 6% last year to 10% in the near term. In 1981 Thailand exported 2.27 million tons of maize valued at US\$347.5 million.

Efforts at setting maize prices have had some rather ironic twists in the past, Feddersen explained. In the 1970s, Thailand had a long-term contract to supply maize to Japan. An agreed formula tied the delivery price to the cost of American maize off-loaded in the same market.

"American maize arrived in large ships at large ports with modern facilities," he commented "while Thai maize arrived at small ports in small ships." The arrangement saved Japan shipping and handling cost, but caused added expense for Thai exporters.

The minimum price mechanism added some quirks of its own to the trade. There were times when the maize minimum was too high and the maize wouldn't sell. "So an exporter would get a letter of credit at the minimum price, and then try to make up the difference later in the year," he said.

Continental Overseas also exports sorghum, an animal feed which can be produced as a second crop in maize areas. Thailand exported 350,000 tons last year and Feddersen expects that figure to rise to one million tons in 1985.

In fact Feddersen is enthusiastic about the prospect of Thai

agriculture in general. "When we came here in 1969," he said, "Thailand exported four million tons total of all agriculture commodities. In 1980 that figure was 11 million tons." Feddersen thinks it realistic to expect exports of 20 - million tons in 1990.

And he wants Continental Overseas to help achieve that figure. "We are trying to get closer to the farmer," he said, "Because our long term interest is with the farmer".

In 1976, Continental Overseas founded Pacific Seeds to supply higher yielding hybrid maize and sorghum seeds to the farmer. This effort, Feddersen noted, is not entirely altruistic. "All the land that is suitable for maize is already in the crop", he said. Future increase in production will come from higher yields, he explained, which is an area where Thai agriculture in general has great potential for improvement. Only about 50% of the Thai farmers use fertilizer, for instance, and most of what they use is natural rather than chemical.

Currently, Continental Overseas operates two large silos. The main one with 70,000 tons capacity, is located at Tha Rua in Ayutthya province outside of Bangkok. There is an additional 20,000 ton silo at Phichit province 400 km further north. "About every two years we plan to open an additional silo with dryer in the growing areas. That way if a farmer thinks the local trader isn't giving him a good price, he can come down the road and see us." — (MA)

THAILAND

BRIEFS

MALNUTRITION STATISTICS--More than 400,000 Thai children aged five and below are suffering from malnutrition with over 24,000 of them in serious condition, according to a research conducted by the Institute of Nutrition of Mahidol University. The research, conducted between 1978 and 1981, found that the Northeast has the highest number of undernourished children followed by the North. It also gave three categories of malnutrition of different degrees of seriousness--initial, serious and very serious stages. About 39.30 percent of the children in the Northeast were found to be suffering from malnutrition of initial stage. Other parts of the country include the North 36.06 percent, South 31.25 percent, Central Region 28.52 percent and East 27.65 percent. The Northeast also has the largest number of children affected by malnutrition reaching serious degree. The Northeast has 15.15 percent, North 13.48 percent, South 10.43 percent, Central Region 7.42 percent and East 8.34 percent. However, the number of children who are victims of malnutrition in very serious stage is slightly larger in the North than in the Northeast. The North has 2.63 percent, Northeast 2.28, South 1.79, Central Region 1.12 and East 1.73. [Text] [Bangkok THE NATION REVIEW in English 17 Aug 82 p 6]

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